92-2242

A	ABRAMS INDUSTRIES INC	10Q	01-31-92
B	AMERICAN SOFTWARE INC	10Q	01-31-92
C	AMERICAN SPORTS ADVISORS INC	10Q	01-31-92
D	ANAHEIM FOUNDRY CO	10Q	01-31-92
E	ARMOR ALL PRODUCTS CORP	10Q	06-30-92
F	BELL TELEPHONE CO OF PENNSYLVANIA	10Q	06-30-92
G	CITIZENS BANKING CORP	10Q	06-30-92
H	REPLIGEN CORP	10Q	06-30-92
I	INFORMATION SCIENCE INC	10Q	01-31-92
J	KFC NATIONAL PURCHASING COOPERATIVE INC	10Q	01-31-92
K	LYRIC ENERGY INC	10Q	01-31-92
L	MPSI SYSTEMS INC	10Q	06-30-92
M	OPT-SCIENCES CORP	10Q	01-26-92
N	PACIFIC PHYSICIAN SERVICES INC	10Q	01-31-92
O	PROCESS EQUIPMENT INC	10Q	01-31-92
P	SF SERVICES INC	10Q	01-31-92
Q	TEXAS SECURITIES INC	10Q	01-31-92
R	TEXON ENERGY CORP	10Q	01-31-92
S	TNR TECHNICAL INC	10Q	01-31-92
T	TPI RESTAURANTS INC	10Q	07-12-92
U	UNIVERSAL SERVICES GROUP INC	10Q	01-31-92
V	UPTICK VENTURES INC	10Q	01-31-92
W	VERTEX INDUSTRIES INC	10Q	01-31-92

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

✓ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended January 31, 1992

RECEIVED
FEB 24 1992

OR

____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

m 3/5

For the transition period from __________ to __________

Commission File Number 0-10146

ABRAMS INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Georgia	58-0522129
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5775-A Glenridge Drive, N.E., Suite 202, Atlanta, Georgia 30328
(Address of principal executive offices) (Zip Code)

BEST COPY AVAILABLE

(404) 256-9785
Registrant's telephone number, including area code

PROCESSED BY
MAR 12 1992

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

N/A
Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ✓ No ____

The number of shares of $1.00 par value Common Stock of the registrant outstanding as of February 15, 1992 was 2,977,540.

2

ITEM 1. FINANCIAL STATEMENTS

PART I. FINANCIAL INFORMATION

ABRAMS INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	JANUARY 31, 1992	APRIL 30, 1991
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,844,950	$ 2,265,569
Trade notes and accounts receivable	9,697,054	11,997,960
Inventories (note 3)	3,815,018	1,563,877
Costs and earnings in excess of billings	1,906,868	2,446,492
Income taxes refundable	314,026	767,380
Other	401,837	609,053
Total current assets	18,979,753	19,650,331
INCOME-PRODUCING PROPERTIES UNDER DEVELOPMENT	13,567,726	12,014,156
INCOME-PRODUCING PROPERTIES, net	34,869,613	33,899,194
PROPERTY, PLANT AND EQUIPMENT, net	4,232,579	4,086,275
OTHER ASSETS:		
Land held for investment, net	4,115,349	4,452,211
Notes receivable	916,204	920,937
Cash surrender value of life insurance on officers, net	792,926	778,730
Deferred loan costs, net	799,661	675,102
Other	148,474	129,562
	$ 78,422,285	$ 76,606,498
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 4,236,000	$ 3,950,000
Accounts payable	5,562,230	6,678,521
Billings in excess of costs and earnings	1,043,978	1,193,320
Accrued expenses	3,982,510	3,690,325
Current maturities of long-term debt	811,265	997,515
Total current liabilities	15,635,983	16,509,681
DEFERRED INCOME TAXES	2,121,552	2,315,864
MORTGAGE NOTES AND BONDS PAYABLE, less current maturities	39,826,355	36,903,652
OTHER LONG-TERM DEBT, less current maturities	1,657,139	2,201,068
Total liabilities	59,241,029	57,930,265
SHAREHOLDERS' EQUITY:		
Common stock, $1 par value; authorized 5,000,000 shares; 2,994,039 issued and 2,977,540 outstanding	2,994,039	2,994,039
Additional paid-in capital	1,982,190	1,982,190
Retained earnings	14,261,460	13,756,437
Total paid-in capital and retained earnings	19,237,689	18,732,666
Less cost of treasury stock (16,499 shares)	56,433	56,433
Total shareholders' equity	19,181,256	18,676,233
	$ 78,422,285	$ 76,606,498

See accompanying notes to consolidated financial statements.

(3)

ABRAMS INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

	THIRD QUARTER ENDED JANUARY 31,		NINE MONTHS ENDED JANUARY 31,	
	1992	1991	1992	1991
REVENUES:				
Construction	$ 11,114,299	$ 11,932,169	$ 44,057,129	$ 45,446,730
Manufacturing	3,118,508	3,145,073	13,381,729	9,799,224
Real Estate	2,393,511	2,197,784	6,821,336	6,332,915
	16,626,318	17,275,026	64,260,194	61,578,869
Less: Intersegment eliminations	(7,061)	(432,611)	(249,707)	(5,875,719)
	16,619,257	16,842,415	64,010,487	55,703,150
Interest	58,374	66,571	168,258	229,947
Other	58,188	178,561	208,441	416,307
	16,735,819	17,087,547	64,387,186	56,349,404
COSTS AND EXPENSES:				
Applicable to REVENUES –				
Construction	10,096,649	10,603,381	41,105,636	41,993,200
Manufacturing	1,644,754	1,974,471	7,864,924	6,406,629
Real estate, exclusive of interest	1,217,590	1,297,087	3,599,396	3,704,207
	12,958,993	13,874,939	52,569,956	52,104,036
Less: Intersegment eliminations	(8,392)	(428,310)	(244,786)	(5,690,213)
	12,950,601	13,446,629	52,325,170	46,413,823
Selling, shipping, general and administrative:				
Construction	856,272	899,955	2,172,344	2,412,886
Manufacturing	1,217,673	860,961	3,728,123	2,503,538
Real Estate	321,938	325,891	906,134	1,048,514
Parent	409,074	396,964	1,203,625	1,257,430
	2,804,957	2,483,771	8,010,226	7,222,368
Interest costs incurred, less interest capitalized	813,747	774,766	2,550,736	1,568,443
	16,569,305	16,705,166	62,886,132	55,204,634
EARNINGS BEFORE INCOME TAXES	166,514	382,381	1,501,054	1,144,770
INCOME TAX EXPENSE	63,300	145,300	549,400	435,000
NET EARNINGS	$ 103,214	$ 237,081	$ 951,654	$ 709,770
NET EARNINGS PER SHARE, based on weighted average outstanding shares of 2,977,840 in fiscal 1992 and 2,993,103 in fiscal 1991	$ .04	$ .08	$ .32	$ .24
DIVIDENDS PER SHARE	$ .05	$ .05	$ .15	$ .15

See accompanying notes to consolidated financial statements.

ABRAMS INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	NINE MONTHS ENDED JANUARY 31,	
	1992	1991
Cash flows from operating activities:		
Net earnings	$ 951,654	$ 709,770
Adjustments to reconcile net earnings to net cash provided by operating activities–		
Depreciation and amortization	1,660,539	1,429,567
Gain on sale of land held for investment	(17,882)	–
Gain on sale of development property	–	(199,511)
Decrease (increase) in receivables	2,300,906	(1,629,670)
(Increase) decrease in inventories	(2,251,141)	647,284
Decrease (increase) in costs and earnings in excess of billings	539,624	(985,483)
Decrease (increase) in refundable income taxes	453,354	(188,766)
Decrease in other current assets	207,216	264,219
Increase in other assets	(28,877)	(145,205)
(Decrease) increase in accounts payable	(1,116,291)	577,910
(Decrease) increase in billings in excess of costs and earnings	(149,342)	1,095,999
Increase (decrease) in accrued expenses	292,185	(1,673,923)
(Decrease) increase in deferred income taxes	(194,312)	75,000
Net cash provided by (used in) operating activities	2,647,633	(22,809)
Cash flows from investing activities:		
Proceeds from sale of land held for investment	355,246	–
Proceeds from sale of development property	–	551,760
Additions to properties, property, plant and equipment, net	(4,254,713)	(9,131,842)
Additions to land held for investment	–	(1,360,334)
Net cash used in investing activities	(3,899,467)	(9,940,416)
Cash flows from financing activities:		
Proceeds from short–term borrowings, mortgage notes payable, and other long–term debt	26,247,724	24,959,181
Repayments of short–term borrowings, mortgage notes and bonds payable and other long–term debt	(23,769,200)	(15,775,241)
Cash dividends	(446,631)	(450,673)
Additions to deferred loan costs	(200,678)	(443,238)
Net cash provided by financing activities	1,831,215	8,290,029
Net increase (decrease) in cash and cash equivalents	579,381	(1,673,196)
Cash and cash equivalents at beginning of period	2,265,569	3,077,866
Cash and cash equivalents at end of period	$ 2,844,950	$ 1,404,670
Supplemental schedule of cash flow information:		
Interest paid, net of amounts capitalized	$ 2,522,090	$ 1,973,534
Income taxes paid	$ 38,829	$ 591,035

See accompanying notes to consolidated financial statements.

ABRAMS INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 1992 AND APRIL 30, 1991
(UNAUDITED)

NOTE 1. UNAUDITED STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared by the Company in accordance with generally accepted accounting principles, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, the accompanying financial statements contain all adjustments, which consist solely of normal recurring accruals, necessary to a fair statement of the results for the interim periods presented. These financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report to Shareholders for the fiscal year ended April 30, 1991. Results of operations for interim periods are not necessarily indicative of annual results.

NOTE 2. SEGMENTS

As of April 30, 1991, the Company discontinued the operations of its electrical contracting subsidiary, South Elmec, Inc. All electrical contracts, except warranty responsibility, were substantially completed as of June 30, 1991. Therefore, the Construction Segment now consists of general contracting and fire protection contracting.

NOTE 3. INVENTORIES

The classes of inventory are as follows:

	January 31, 1992	April 30, 1991
Finished goods	$2,676,634	$ 986,361
Work in progress	748,747	249,753
Raw materials	389,637	327,763
	$3,815,018	$1,563,877

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Changes in CONSOLIDATED BALANCE SHEETS between April 30, 1991 and January 31, 1992.

Trade notes and accounts receivable decreased by $2,300,906. Inventories increased by $2,251,141 because of increased activities in the Manufacturing Segment. Income-Producing Properties Under Development increased by $1,553,570 because of costs incurred in the development of the North Fort Myers, Florida shopping center. Accounts Payable decreased by $1,116,291. Mortgage Notes and Bonds Payable increased by $2,922,703. The increase in Mortgage Notes and Bonds Payable and the decrease in Trade notes and accounts receivable and Accounts Payable stemmed primarily from the following: (1) collection of receivables; (2) sale of a parcel of Land held for investment; and (3) refinancing of Mortgage notes payable on two Income-Producing Properties.

Results of operations of third quarter and first nine months of fiscal 1992 compared to third quarter and first nine months of fiscal 1991.

REVENUES

For the third quarter fiscal 1992, Consolidated REVENUES, including Interest income and Other income, were $16,735,819, compared to $17,087,547 for the third quarter fiscal 1991. Interest income was $58,374 for the third quarter 1992, compared to $66,571 for the third quarter 1991.

For the first nine months 1992 Consolidated REVENUES, including Interest income and Other income were $64,387,186, compared to $56,349,404 for the first nine months 1991. Interest income was $168,258 for the first nine months 1992, compared to $229,947 for the first nine months 1991. Other income was $208,441 for the first nine months 1992, compared to $416,307 for the first nine months 1991.

The figures in Chart A are before intersegment eliminations and do not include Interest income or Other income.

CHART A
REVENUE SUMMARY BY SEGMENT
(In Thousands, Except Percentages)

	Third Quarter Ended January 31		Amount Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended January 31		Amount Increase (Decrease)	Percent Increase (Decrease)
	1992	1991			1992	1991		
Construction (1)	$11,114	$11,932	$ (818)	(7)	$44,057	$45,447	$(1,390)	(3)
Manufacturing (2)	3,118	3,145	(27)	(1)	13,382	9,799	3,583	37
Real Estate (3)	2,394	2,198	196	9	6,821	6,333	488	8
	$16,626	$17,275	$ (649)	(4)	$64,260	$61,579	$ 2,681	4

NOTES TO CHART A

(1) REVENUES for the third quarter and first nine months 1992 were slightly lower than those of the third quarter and first nine months 1991. The amounts reported include Intercompany REVENUES of $7,061 and $249,707 in the third quarter and first nine months 1992 compared to $432,611 and $5,875,719 in the third quarter and first nine months 1991. The intercompany REVENUES in 1991 were primarily related to construction work performed for the Real Estate Segment in regard to the Englewood, Florida shopping center. These REVENUES are eliminated in the CONSOLIDATED STATEMENTS OF EARNINGS under the caption, Intersegment eliminations. The growth in revenues derived from outside sources in 1992 is the result of increased levels of activity in the construction of new buildings and expansions of existing ones.

(2) REVENUES for the first nine months 1992 were considerably higher than those of the first nine months 1991, primarily because of increased sales to one of the Company's major customers.

(3) REVENUES for the third quarter and first nine months 1992 were higher than those of the third quarter and first nine months 1991 because of rents received from a Company-developed and owned shopping center in Englewood, Florida which opened in December 1990.

The following table shows the backlog of contracts and orders by segment:

	January 31,	
	1992	1991
Construction	$16,368,000	$21,942,000
Manufacturing	12,276,000	7,660,000
Real Estate	8,781,000	9,652,000
Less: Intersegment Eliminations	(140,000)	(605,000)
Total Backlog	$37,285,000	$38,649,000

COSTS AND EXPENSES: Applicable to REVENUES

As a percentage of Segment REVENUES (See Chart A) for the third quarter 1992 and 1991, the applicable COSTS AND EXPENSES (See Chart B) were 78% and 80%, respectively. As a percentage of Segment REVENUES for the first nine months 1992 and 1991, the Applicable COSTS AND EXPENSES were 82% and 85%, respectively. The figures in Chart B are before Intersegment eliminations.

CHART B
COSTS AND EXPENSES APPLICABLE TO REVENUES SUMMARY BY SEGMENT
(In Thousands, Except Percentages)

	Third Quarter Ended January 31		Percent of Segment Revenues For Third Quarter Ended January 31		Nine Months Ended January 31		Percent of Segment Revenues For Nine Months Ended January 31	
	1992	1991	1992	1991	1992	1991	1992	1991
Construction	$10,097	$10,903	91	89	$41,106	$41,993	93	92
Manufacturing (1)	1,645	1,675	53	63	7,865	6,407	59	65
Real Estate (2)	1,217	1,297	51	59	3,599	3,704	53	58
	$12,959	$13,875	78	80	$52,570	$52,104	82	86

NOTES TO CHART B

(1) The dollar amount and percentage of COSTS AND EXPENSES: Applicable to REVENUES was lower for the third quarter 1992 compared to the third quarter 1991, because of a lower cost product mix. The dollar amount of COSTS AND EXPENSES: Applicable to REVENUES was higher for the first nine months 1992 compared to the first nine months 1991, because of increased production. However, inasmuch as manufacturing costs generally do not increase in proportion to manufacturing revenue, the percentage of COSTS AND EXPENSES: Applicable to REVENUES was lower for the first nine months 1992 compared to the first nine months 1991.

(2) The decrease in COSTS AND EXPENSES: Applicable to REVENUES for the third quarter and the first nine months 1992 compared to the third quarter and first nine months 1991, is primarily attributable to the decrease in marketing expenses related to the Company-owned shopping center in Englewood, Florida, which opened in December, 1990.

SELLING, SHIPPING, GENERAL AND ADMINISTRATIVE EXPENSES

For the third quarter 1992 and for the third quarter 1991, Selling, shipping, general and administrative expenses were $2,804,957 and $2,483,771 respectively. As a percentage of REVENUES, $16,735,819 and $17,087,547, respectively, these expenses were 17% and 15%, respectively. For the first nine months 1991, Selling, shipping, general and administrative expenses were $8,010,226 and $7,222,368, respectively. As a percentage of REVENUES, $64,387,186 and $56,349,404, respectively, these expenses were 12% and 13%, respectively. In reviewing Chart C, the reader should recognize that the volume of revenues usually affects the amounts and percentages. The percentages in Chart C are based upon expenses as they relate to Segment REVENUES prior to Intersegment eliminations (Chart A), except that Parent and Total expenses relate to Consolidated REVENUES.

CHART C
SELLING, SHIPPING, GENERAL AND ADMINISTRATIVE EXPENSES BY SEGMENT
(In Thousands, Except Percentages)

	Third Quarter Ended January 31,		Percent of Segment Revenues For Third Quarter Ended January 31,		Nine Months Ended January 31,		Percent of Segment Revenues For Nine Months Ended January 31,	
	1992	1991	1992	1991	1992	1991	1992	1991
Construction (1)	$ 856	$ 900	8	8	$ 2,172	$ 2,413	5	5
Manufacturing (2)	1,218	861	30	27	3,728	2,504	29	25
Real Estate (3)	322	336	13	15	906	1,048	13	17
Parent (4)	409	387	2	2	1,204	1,257	2	2
	$ 2,805	$ 2,484	17	15	$ 8,010	$ 7,222	12	13

NOTES TO CHART C

(1) On a dollar basis, Selling, shipping, general and administrative expenses were lower for the third quarter and first nine months 1992 compared to the third quarter and first nine months 1991, because the segment in 1992 no longer incurs expenses related to South Elmec, Inc., which discontinued operations April 30, 1991.

(2) On both a dollar and percentage basis, Selling, shipping, general and administrative expenses were higher for the third quarter and first nine months 1992 compared to the third quarter and first nine months 1991 because of increased profit-sharing expense, which is a function of increased segment profits and a key-employee incentive plan, which is effective after the segment has obtained a specific profit level. The segment achieved this profit level early in the third quarter 1992.

(3) On both a dollar and percentage basis, Selling, shipping, general and administrative expenses were lower for the first nine months 1992 compared to the first nine months 1991 because there was no profit-sharing expense, inasmuch as the segment sustained an operating loss.

(4) On a dollar basis, Selling, shipping, general and administrative expenses were lower the first nine months 1992 compared to the first nine months 1991 because of decreased personnel costs.

Liquidity and capital resources.

Between April 30, 1991 and January 31, 1992, working capital increased by $203,120. This increase is primarily attributable to the refinancing of mortgage notes payable on two Income Producing Properties and the sale of a parcel of Land held for investment. At January 31, 1992, the Company and its subsidiaries had available unsecured committed lines of credit totaling $20,250,000, against which $4,236,000 was outstanding. Also, at January 31, 1992, the Company was contingently liable for $31,875 on an outstanding letter of credit with a bank. This letter of credit expires during fiscal 1992.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) None

(b) The Registrant has not filed any reports on form 8-K during the quarter ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABRAMS INDUSTRIES, INC.
(Registrant)

Bernard W Abrams

Date: February 21, 1992

Bernard W. Abrams
Chairman of the Board and Chief
Executive Officer

Joseph H Rubin

Date: February 21, 1992

Joseph H. Rubin
Executive Vice President and
Secretary (Principal Financial
and Accounting Officer)

Q. 503
Q. 35423

RECD S.E.C.
MAR 13 1992

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MANUALLY SIGNED

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92-2242

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

PROCESSED BY
MAR 20 1992

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

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Q-Data Corp. - St. Petersburg, FL

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission File Number 0-12456

AMERICAN SOFTWARE, INC.
(Exact name of registrant as specified in its charter)

Georgia (State or other jurisdiction of incorporation or organization)	58-1098795 (IRS Employer Identification Number)
470 East Paces Ferry Road, N.E., Atlanta, Georgia (Address of principal executive offices)	30305 (Zip Code)

(404) 261-4381
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Classes	Outstanding at March 3, 1992
Class A Common Stock, $.10 par value	17,742,661 Shares
Class B Common Stock, $.10 par value	5,204,119 Shares

Exhibit Index on Page 13

BEST COPY AVAILABLE

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES

Form 10-Q

Quarter ended January 31, 1992

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Page No.

Part I - Financial Information

Item 1. Financial Statements

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Condensed Consolidated Statement of Shareholders' Equity - Unaudited - Nine Months ended January 31, 1992 6

Condensed Consolidated Statements of Cash Flows - Unaudited - Nine Months ended January 31, 1992 and 1991 7

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PART I FINANCIAL INFORMATION
Item I. Financial Statements

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	January 31, 1992 (Unaudited)	April 30, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,542,991	$ 1,354,757
Investments (Note B)	59,552,827	61,138,775
Trade accounts receivable, less allowance for doubtful accounts of $1,300,000 at January 31, 1992 and April 30, 1991	21,426,536	21,866,540
Unbilled accounts receivable	8,595,029	-
Current deferred income taxes	637,924	1,468,333
Prepaid expenses and other current assets	1,647,624	2,591,378
Total current assets	94,402,931	88,419,783
Property and equipment, at cost	33,406,254	32,428,945
Less accumulated depreciation and amortization	16,008,937	14,354,113
Net property and equipment	17,397,317	18,074,832
Capitalized software development costs, net	16,496,846	13,992,699
Other assets	1,600,712	1,600,633
	$129,897,806	$122,087,947

(continued)

See accompanying notes to condensed consolidated financial statements.

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets, Continued

	January 31, 1992 (Unaudited)	April 30, 1991
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,834,956	$ 4,169,507
Accrued compensation and related costs	4,399,304	3,168,247
Accrued royalties	2,664,459	3,141,667
Other current liabilities	854,404	744,256
Income taxes payable	-	1,569,778
Deferred revenue	11,838,132	14,563,658
Total current liabilities	22,591,255	27,357,113
Long-term debt	292,532	299,312
Deferred income taxes	4,469,830	3,978,060
Total liabilities	27,353,617	31,634,485
Shareholders' equity:		
Common stock:		
Class A, $.10 par value. Authorized 50,000,000 shares; issued 18,076,405 shares at January 31, 1992 and 17,432,220 shares at April 30, 1991	1,807,641	1,743,222
Class B, $.10 par value. Authorized 10,000,000 shares; issued and outstanding 5,204,119 shares at January 31, 1992 and 5,521,000 shares at April 30, 1991	520,412	552,100
Additional paid-in capital	26,824,466	25,097,090
Retained earnings	76,639,420	66,308,800
	105,791,939	93,701,212
Less treasury stock, 378,000 Class A shares, at cost	3,247,750	3,247,750
Total shareholders' equity	102,544,189	90,453,462
	$129,897,806	$122,087,947

See accompanying notes to condensed consolidated financial statements.

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings
(Unaudited)

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	1992	1991	1992	1991
Revenues:				
License fees	$16,203,263	$10,790,223	$41,876,346	$33,254,638
Services	10,530,889	9,541,580	30,859,662	29,856,403
Maintenance	4,327,682	3,288,681	12,357,751	9,858,957
Total revenues	31,061,834	23,620,484	85,093,759	72,969,998
Cost of revenues:				
License fees	6,410,901	4,855,233	18,065,323	14,254,007
Services	4,196,098	4,302,084	12,772,324	12,605,951
Maintenance	1,263,452	1,173,955	3,709,802	3,255,739
Total cost of revenues	11,870,451	10,331,272	34,547,449	30,115,697
Selling, general, and administrative expenses	11,169,183	10,063,465	31,504,705	28,135,024
Operating earnings	8,022,200	3,225,747	19,041,605	14,719,277
Other income, net	1,327,425	1,434,180	3,483,700	3,405,184
Earnings before income taxes	9,349,625	4,659,927	22,525,305	18,124,461
Income taxes	3,234,035	1,414,703	7,650,759	6,132,466
Net earnings	$ 6,115,590	$ 3,245,224	$14,874,546	$11,991,995
Earnings per common and common equivalent share	$ .26	$ .14	$ .64	$ .52
Weighted average number of common and common equivalent shares outstanding	23,400,134	23,226,003	23,313,231	23,240,299

See accompanying notes to condensed consolidated financial statements.

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Shareholders' Equity
(Unaudited)

Nine months ended January 31, 1992

	Common Stock				Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
	Class A		Class B					
	Shares	Amount	Shares	Amount				
Balance at April 30, 1991	17,432,220	$1,743,222	5,521,000	$552,100	$25,097,090	$66,308,800	$(3,247,750)	$90,453,462
Net earnings	--	--	--	--	--	14,874,546	--	14,874,546
Cash dividends declared of $.20 per share	--	--	--	--	--	(4,543,926)	--	(4,543,926)
Conversion of Class B shares into Class A shares	316,881	31,688	(316,881)	(31,688)	--	--	--	--
Proceeds from stock options exercised	327,304	32,731	--	--	1,295,187	--	--	1,327,918
Grants of compensatory stock options	--	--	--	--	432,189	--	--	432,189
Balance at January 31, 1992	18,076,405	$1,807,641	5,204,119	$520,412	$26,824,466	$76,639,420	$(3,247,750)	$102,544,189

See accompanying notes to condensed consolidated financial statements.

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended January 31,	
	1992	1991
Cash flows from operating activities:		
Net earnings	$14,874,546	$11,991,995
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	5,352,372	3,823,086
Net loss on investments	(193,535)	(70,431)
Grants of compensatory stock options	432,189	568,717
Deferred income taxes	1,322,179	(209,892)
Change in operating assets and liabilities:		
Accounts receivable	(8,155,025)	(717,197)
Prepaids and other assets	442,108	(865,017)
Accounts payable and other accrued liabilities	(470,554)	(519,065)
Income taxes payable	(1,569,778)	(846,326)
Deferred revenue	(2,725,526)	2,216,032
Net cash provided by operating activities	9,308,976	15,371,902
Cash flows from investing activities:		
Capitalized software development costs	(5,700,128)	(4,065,154)
Net decrease (increase) in money market funds	(11,342,127)	832,827
Purchases of investments	(12,904,324)	(35,927,941)
Proceeds from sales of investments	26,025,934	32,678,940
Purchases of property and equipment	(977,309)	(2,976,313)
Net cash used in investing activities	(4,897,954)	(9,457,641)
Cash flows from financing activities:		
Repurchase of common stock	-	(3,247,750)
Repayment of long-term debt	(6,780)	(5,589)
Proceeds from exercise of stock options	1,327,918	775,879
Dividends paid	(4,543,926)	(3,941,794)
Net cash used in financing activities	(3,222,788)	(6,419,254)
Net increase (decrease) in cash and cash equivalents	1,188,234	(504,993)
Cash and cash equivalents at beginning of period	1,354,757	1,689,214
Cash and cash equivalents at end of period	$ 2,542,991	$ 1,184,221
Supplemental disclosure of cash paid during the period for income taxes	$ 7,898,358	$ 7,188,981

See accompanying notes to condensed consolidated financial statements.

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements

A. Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. These financial statements should be used in conjunction with the consolidated financial statements and related notes contained in the 1991 Annual Report on Form 10-K. The financial information presented in the condensed consolidated financial statements reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the period indicated.

B. Investments

Investments consist of the following:

	January 31, 1992	April 30, 1991
Money market funds	$26,248,688	$14,906,561
Debt securities:		
U.S. Treasury securities	6,374,843	24,758,232
Tax-exempt state and municipal bonds	22,344,367	19,108,580
Total debt securities	28,719,210	43,866,812
Other marketable securities	4,584,929	2,365,402
	$59,552,827	$61,138,775

Other marketable securities included in investments at January 31, 1992 and April 30, 1991, are carried at market, which was lower than cost. The carrying value of the portfolio was reduced to market at January 31, 1992 and April 30, 1991, by establishing a valuation allowance of approximately $218,000 and $212,000, respectively.

C. Earnings Per Common and Common Equivalent Share

Earnings per common and common equivalent share are based on the weighted average number of shares outstanding and share equivalents from dilutive stock options of Class A common stock outstanding during each period after increasing the number of Class A shares to give effect to the assumption that all Class B shares had been converted on a one-for-one basis during each period.

(Continued)

D. Restatement for Adoption of New Revenue Recognition Method

As discussed in the 1991 Annual Report on Form 10-K, the Company adopted the significant provisions of the exposure draft for the Proposed Statement of Position (SOP) "Software Revenue Recognition". The 1991 condensed consolidated financial statements have been restated to retroactively apply the SOP. The effect of the accounting change on net earnings and net earnings per common and common equivalent share for the quarter and nine months ended January 31, 1991 as previously reported on Form 10-Q is as follows:

	Quarter	Nine Months
Decrease in net earnings	$(504,642)	$(177,082)
Net earnings per common and common equivalent share	$ (.02)	$ (.01)

The balance of retained earnings in fiscal 1991 has been adjusted for the effect (net of income taxes) of applying retroactively the new revenue recognition method.

On December 12, 1991, the aforementioned proposed SOP was finalized. The finalized SOP is effective for the Company's first quarter of fiscal 1993. The final SOP is not expected to have a significant impact on the Company's current revenue recognition method.

E. Supplemental Disclosure of Noncash Investing and Financing Activities

During the first quarter of fiscal 1991, the Company purchased a parcel of land and buildings for $1,387,092. In conjunction with the purchase, a mortgage loan was assumed as follows:

Land and buildings acquired	$1,387,092
Cash paid	1,080,899
Mortgage loan assumed	$ 306,193

ITEM 2.

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

For the quarter ended January 31, 1992, revenues totaled $31,061,834, up 32% from $23,620,484 in the corresponding quarter of fiscal 1991. Revenues for the nine months ended January 31, 1992 totaled $85,093,759, up 17% from $72,969,998 in the prior year period. Software license fees continued to be the largest single component of revenues at 52% and 49% of total revenues for the current quarter and nine months, respectively. License fees increased 50% from the same quarter in fiscal 1991 partially due to the realization of several orders that had been postponed from the second quarter of fiscal 1992 into the third quarter, as well as the effect of the Gulf War and recession in the prior year quarter. For the nine months, licence fees increased 26% due to an increase in the number of license agreements. Services revenues increased 10% for the quarter and 3% for the nine months ended January 31, 1992 compared to the prior year periods. Maintenance revenues showed a 32% increase compared to the third quarter of 1991 and are up 25% compared to the first nine months of fiscal 1991. These services and maintenance increases are due to the expanding software customer base.

The cost of revenues for license fees increased 32% for the quarter and 27% for the nine months ended January 31, 1992 as compared to the prior year's periods due primarily to amortization of capitalized software development costs increasing 152% for the quarter and 128% for the nine months resulting from a number of large projects being completed in the past year, as well as regular increases in personnel related costs. Services costs, which are primarily personnel related, changed less than 3% for the quarter and nine months, which are generally consistent with the increases in revenues noted above. Maintenance cost increases of 8% for the quarter and 14% for the nine months, compared to the prior year, are consistent with the increases in maintenance revenue.

Selling, general and administrative expenses increased 11% for the quarter, and increased 12% for the nine months compared to 1991. Selling expenses are directly related to the level of revenues, which were higher in the first and third quarters. General and administrative expenses are affected by the average number of employees, which grew 3% for the quarter and 5% for the nine months ended January 31, 1992 compared to the prior year period, and increases in the cost of computer operations in response to increases in research and development and customer demands.

The effective income tax rate increased to 34.6% compared to 30.4% in the third quarter of 1991, and increased to 34.0% compared to 33.8% for the nine months ended January 31, 1991. These fluctuations are due primarily to tax-exempt earnings decreasing as a percentage of total earnings before income taxes as compared to the same periods of fiscal 1991.

FINANCIAL CONDITION

The Company's consolidated balance sheet remains very strong with a current ratio of 4.2 to 1. Liquidity also remains strong with cash and short-term investments totaling 48% of total assets. The Company believes that existing cash and short-term investments as well as cash from operations will be sufficient to meet its operational objectives.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

See the description of certain legal procedings, as contained in Part II, Item 1, of the Company's Form 10-Q Quarterly Report for the quarter ended July 31, 1991.

Item 2. Changes in Securities

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit 11 - Statement re: computation of Per Share Earnings.

(b) No reports on Form 8-K were filed during the quarter ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN SOFTWARE, INC.

DATE 3-11-92

Neal L. Miller
Vice President of Finance

DATE 3/11/92

Peter W. Pamplin
Chief Accounting Officer

EXHIBIT INDEX

Exhibit		Page
11	Statement re: computation of Per Share Earnings	14

EXHIBIT 11

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Statement re: computation of Per Share Earnings

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
Common Stock:				
Weighted average common shares outstanding				
Class A shares	17,601,873	16,926,411	17,421,668	17,015,150
Class B shares	5,248,934	5,601,000	5,336,394	5,679,350
	22,850,807	22,527,411	22,758,062	22,694,500
Dilutive effect of outstanding Class A common stock options (as determined by the application of the treasury stock method using the average market price for the period)	549,327	698,592	555,169	545,799
Totals	23,400,134	23,226,003	23,313,231	23,240,299
Net earnings	$ 6,115,590	$ 3,245,224	$14,874,546	$11,991,995
Earnings per common and common equivalent share	$ .26	$ .14	$ .64	$ .52

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10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington. D.C. 20549

FORM 10-Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES ACT OF 1934

For the quarterly period ended January 31, 1992

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OR

/ / TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(D) - OF SECURITIES EXCHANGE ACT OF 1934

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Q-Data Corp. - St. Petersburg, FL

For the transaction period from ____________ to ____________

Commission file numbe ~~2-79967~~ 0-10102

American Sports Advisors, Inc.
(Exact name of registrant as specified in its charter)

NY
(State of other jurisdiction of incorporation or organization)

11-2467985
(I.R.S. Employer Identification No.)

20 East Kennedy Street, Hackensack, N.J. 07601
(Address of principal executive offices)

Registrant's telephone number, including area code 201-489-6611

Former name, former address and former fiscal year, if changed since last report.
N/A

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___.

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDING DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ___ No ___.

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares out standing of each of the issuer's classes of common stock, as of the latest practicable date ______.

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AMERICAN SPORTS ADVISORS, INC. AND SUBSIDIARIES

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Consolidated Balance Sheets - January 31, 1992 and October 31, 1991	2
Statements of Consolidated Cash Flows for the Three Months ended January 31, 1992 and 1991	3
Notes to Consolidated Financial Statements	4
Management Discussion and Analysis of Financial Condition and Results of Operations	5
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AMERICAN SPORTS ADVISORS, INC. AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED OPERATIONS AND ACCUMULATED DEFICIT

FOR THE THREE MONTHS ENDED JANUARY 31, 1992 AND 1991

	November 1, 1991 to January 31, 1992 (Unaudited)	November 1, 1990 to January 31, 1991 (Unaudited)
NET SALES	$ 453,733	$ 228,446
COST OF SALES	326,688	171,331
GROSS PROFIT	127,045	57,115
GENERAL AND ADMINISTRATIVE	(143,330)	(56,753)
AMORTIZATION OF DEFERRED COMPENSATION	-	(3,750)
NET LOSS	(16,285)	(3,388)
ACCUMULATED DEFICIT at beginning	(1,434,052)	(1,444,510)
ACCUMULATED DEFICIT at end	$(1,450,337)	$(1,447,898)
LOSS EARNINGS PER SHARE	$ -	$ -
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	6,317,520	5,703,890

See notes to consolidated financial statements.

AMERICAN SPORTS ADVISORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	January 31, 1992	October 31, 1991
CURRENT ASSETS:		
Cash and equivalents	$ 50,679	$ 59,496
Accounts receivable	93,664	61,547
Inventory	611,604	587,410
Advances for purchases	1 875	21,951
Prepaid expenses	6,239	6,527
Loan receivable	7,986	7,986
Other current assets	-	9,325
TOTAL CURRENT ASSETS	772,047	754,242
EQUIPMENT, net of accumulated depreciation ($20,067 in 1992 and $17,067 in 1991)	102,401	89,783
OTHER ASSETS	10,466	10,312
	$ 884,914	$ 854,337

LIABILITIES AND SHAREHOLDERS' EQUITY

	January 31, 1992	October 31, 1991
CURRENT LIABILITIES:		
Note payable - bank	$ 10,000	$ 17,500
Current obligations under capital leases	11,513	11,047
Accounts payable	77,938	41,196
Advances from customers	76,464	41,052
Accrued expenses and taxes	27,922	43,122
TOTAL CURRENT LIABILITIES	203,837	153,917
DEFERRED INCOME TAXES	3,300	3,300
LONG-TERM OBLIGATIONS UNDER CAPITAL LEASES	23,832	26,890
SHAREHOLDERS' EQUITY:		
Common stock - $.01 par value:		
Authorized - 20,000,000 shares		
Issued - 6,668,373 shares	66,684	66,684
Additional paid-in capital	2,636,318	2,636,318
Accumulated deficit	(1,450,337)	(1,434,052)
Deferred compensation	(20,000)	(20,000)
Treasury stock - 350,853 shares, at cost	(578,720)	(578,720)
TOTAL SHAREHOLDERS' EQUITY	653,945	670,230
	$ 884,914	$ 854,337

See notes to consolidated financial statements.

AMERICAN SPORTS ADVISORS, INC. AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED CASH FLOWS

FOR THE THREE MONTHS ENDED JANUARY 31, 1992 AND 1991

	November 1, 1991 to January 31, 1992 (Unaudited)	November 1, 1990 to January 31, 1991 (Unaudited)
OPERATING ACTIVITIES:		
Net loss	$(16,285)	$(3,388)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,000	7,041
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(32,117)	(4,049)
Inventory	(24,194)	(38,300)
Advances for purchases	20,076	57,248
Prepaid expenses	288	(2,408)
Increase (decrease) in:		
Accounts payable	36,742	2,976
Advances from customers	35,412	(22,803)
Accrued expenses and taxes	(15,200)	(9,674)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	7,722	(13,357)
INVESTING ACTIVITIES:		
Capital expenditures	(15,618)	-
Loans receivable	-	(600)
Other	9,171	-
NET CASH USED IN INVESTING ACTIVITIES	(6,447)	(600)
FINANCING ACTIVITIES:		
Notes payable to bank	(7,500)	(882)
Principal payments of capitalized leases	(2,592)	-
NET CASH USED IN FINANCING ACTIVITIES	(10,092)	(882)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,817)	(14,839)
CASH AND EQUIVALENTS at beginning	59,496	26,442
CASH AND EQUIVALENTS at end	$ 50,679	$11,603

See notes to consolidated financial statements.

AMERICAN SPORTS ADVISORS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 1992

A. The accompanying unaudited consolidated financial statements and footnotes have been condensed and, therefore, do not contain all disclosures required by generally accepted accounting principles. Reference should be made to the Company's annual report on Form 10-K for the year ended October 31, 1991.

B. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of January 31, 1992 and the results of operations and cash flows for the three months ended January 31, 1992 and 1991.

C. The results of operations for the three months ended January 31, 1992 and 1991 are not necessarily indicative of the results to be expected for the full year.

D. Net loss per share are based on the weighted average number of shares outstanding.

E. Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market.

For interim reporting purposes, the closing inventory value was derived using the estimated gross profit percentage method.

F. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

G. The Company issued 450,000 shares of common stock to certain individuals for services to be rendered. This transaction was recorded at the estimated market value of the shares ($.10 per share) at the date of the transaction and the deferred expenses, net of amortization, are included in the accompanying consolidated balance sheets as a reduction of shareholders' equity.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

American Sports Advisors, Inc. and Subsidiaries substantially ceased operations in August 1987. The Company was in the business of providing handicapping information and selections with respect to sporting events, principally football and basketball.

In January 1990 the registrant acquired Great American Pastime, Inc. and reorganized its business into an enterprise which deals in the acquisition and sale of sport cards (of sports stars) and other sports memorabilia.

Operations:

The three months ended January 31, 1992 compared to the comparable period of the prior year.

Gross profit increased by approximately $70,000, reflecting increased sales . General and administrative expenses increased substantially as a result of continued expansion of operations; and this resulted in a slight increase in the loss for the period. Due to the cyclical nature of the industry, management feels that the losses incurred for the quarter is not representative of the company's operations on an annual basis.

The Company's financial condition continues to show improvement. Working capital for the three months ended January 31, 1992 and 1991 was $568,210 and $295,700, respectively. Working capital was $600,325 at October 31, 1991. This improvement was due essentially to the private offering and sale of Common Stock to private investors in 1991 for an aggregate of $325,000.

PART II - OTHER INFORMATION

Instruction. The report shall contain the item numbers and captions of all applicable items of Part II, but the text of such items may be omitted provided the responses clearly indicate the coverage of the item. Any item which is inapplicable or to which the answer is negative may be omitted and no reference thereto need be made in the report. If substantially the same information has been previously reported by the registrant, an additional report of the information on this form need not be made. The term "previously reported" is defined in Rule 12b-2. A separate response need not be presented in Part II where information called for is already disclosed in the financial information provided in Part I and is incorporated by references into Part II of the report by means of a statement to that effect in Part II which specifically identifies the incorporated information.

Item 1. Legal proceedings.

N/A

Item 2. Changes in securities.

N/A

Item 3. Defaults upon senior securities.

N/A

Item 4. Submission of matters to a vote of security holders.

During the quarter ended January 31, 1992, there were no matters submitted to a vote of security holders.

Item 5. Other information.

N/A

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits required by Item 601 of Regulations S-K.

(i) None

(b) Report on Form 8-K. State whether any reports on Form 8-K have been filed during the quarter for which this report is filed, listing the items reported, any financial statements filed, and the dates of any such reports.

(i) None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN SPORTS ADVISORS, INC.

By ______________________
Michael Aronson, President

Date:

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended January 31, 1992 0-17143

ANAHEIM FOUNDRY COMPANY

(exact name of registrant as specified in its charter)

PROCESSED BY
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California	95-1764751
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)

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800 E. ORANGETHORPE AVENUE, ANAHEIM, CALIFORNIA 92801 L 30
(address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code:
(714) 870-9000.

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months, or for such shorter period that the registrant was required to file such report (s), and (2) has been subject to such filing requirements for the past 90 Days.

YES X NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

14,000 shares of Class A Common Stock outstanding at March 13, 1992.

There are no Exhibits attached to or included with this Form 10-Q.

PART I - FINANCIAL INFORMATION

ANAHEIM FOUNDRY COMPANY
Statement of Income
(in thousands, EXCEPT per share amounts)

	For Three Months Ended January 31st (unaudited)		For Nine Months Ended January 31st (unaudited)	
	1992	1991	1992	1991
Net Sales	$4,347	$5,639	$14,643	$16,993
Cost of Goods Sold	3,739	5,168	13,262	14,931
Gross Profit	$608	$471	$ 1,381	$2,062
Selling Delivery, General and Administrative	888	704	2,523	2,188
Net Operating (loss) Income	(280)	(233)	(1,142)	(126)
Other Income (expense)	101	42	642	452
Income (loss) Before Taxes	(179)	(191)	(500)	326
Provision for Income Taxes	-0-	-0-	-0-	-0-
Net Income (Loss)	($179)	($191)	($500)	$326
Net Income (Loss) per Common Share	-0-	-0-	-0-	$23.28

ANAHEIM FOUNDRY COMPANY
BALANCE SHEET
(in thousands)

	January 31 1992 (Unaudited)	April 30 1991
ASSETS		
Current Assets		
Cash and short-term investments	$ 327	$ 451
Accounts receivable (less allowance for doubtful accounts of $276 at 1/31/92 and 4/30/91)	2,451	3,168
Inventories (Note 2)	4,225	4,290
Refundable Income Taxes	74	229
Prepaid expenses and other current assets	329	281
TOTAL CURRENT ASSETS	$7,406	$8,419
Property, plant and equipment, net	1,355	990
Workers Compensation deposit	1,381	1,447
Other assets	227	446
TOTAL ASSETS	$10,369	$11,302
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts Payable	$1,265	$1,473
Accrued Expenses	287	401
Notes Payable, current portion	---	5
TOTAL CURRENT LIABILITIES	$1,552	$1,879
Notes Payable	---	100
Workers compensation reserve	1,433	1,437
Deferred income taxes	121	121
TOTAL LIABILITIES	$3,106	$3,537
Shareholders' equity		
Preferred stock (aggregate liquidation preference of $5,969)	$5,969	$5,969
Common Stock, $1.00 par value, 1,000,000 authorized and 14,000 issued and outstanding	14	14
Additional paid-in capital	153	153
Retained earnings	1,127	1,629
TOTAL SHAREHOLDERS' EQUITY	$7,263	$7,765
	$10,369	$11,302

ANAHEIM FOUNDRY
STATEMENT OF CASH FLOWS
(In Thousands)

For the Fiscal Years Ended April, 30.....	Nine-Months (Jan) 1992	1991
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income (Loss)	(500)	103
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	156	250
Deferred Income Taxes	0	(50)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	717	(372)
Inventories	65	(1,649)
Refundable Income Taxes	155	118
Prepaid Expenses and Other Current Assets	150	17
Other Assets	86	131
Accounts Payable	(208)	297
Accrued Expenses	(114)	(13)
Income Taxes Payable	0	0
Workers' Compensation Liability	(4)	(15)
Total Adjustments to Net Income (Loss)	1,003	(1,286)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	503	(1,183)
CASH FLOW PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Additions to Property, Plant, and Equipment	(521)	(256)
Disposition of Property, Plant, and Equipment		
Other, net		
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(521)	(256)
FINANCING ACTIVITY - Reduction of Long-Term Debt	(105)	(5)
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(123)	(1,444)
CASH AND SHORT-TERM INVESTMENTS:		
BEGINNING OF YEAR	451	1,897
END OF PERIOD	328	453
	327	451

ANAHEIM FOUNDRY COMPANY

Notes to Financial Statements

Note 1 - In the opinion of the Company, the accompanying Financial Statements (unaudited) are not necessarily indicative of the results to be expected for the full year.

Note 2 - Inventories

Inventory balances are summarized as follows (in thousands)

	1-31-92	4-30-91
Raw Materials	1579	2047
Finished Goods	3951	3548
Total (LIFO)	5530	5595
LIFO Reserve	(1305)	(1305)
Total LIFO Inventory	4225	4290

Inventories are costed at Last-in, First-Out (LIFO) method of accounting.

Managements Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

For the nine months ended January 31, 1992, cash flow from operations was a negative $344,000, this consisted of a loss from operations of $500,000 minus $156,000 of non-cash depreciation.

The Company has utilized a portion of its cash reserves to maintain its inventory levels to service its customers. It is expected that a portion of the $1,000,000 revolving line of credit currently in place with the Company's principal Bank will be utilized over the next several months based on present business conditions.

Results of Operations

Revenues for the three months ended January 31, 1992, were $4,347,000 compared with $5,639,000 for the three months ended January 31, 1991, a decrease of $1,292,000 or 23%.

Cost of Goods Sold were $3,739,000 for the three months ended January 31, 1992 compared with $5,168,000 for the similar three months ended January 31, 1991, a decrease of $1,429,000 or 27%.

Although the cost of goods sold is down slightly more than the decrease in sales (27% versus 23%) over the same three month period last year. Overall expenses have not decreased similarly and continue to be higher than revenues. This has resulted in a loss for the three months ended January 31, 1992. This loss is associated with the Company's Foundry operations. The Company anticipates that it will continue to suffer losses over the remaining fiscal year due to the adverse market conditions for the commercial, industrial, and residential construction industry.

ANAHEIM FOUNDRY COMPANY

FINANCIAL STATEMENTS

January 31, 1992

MANAGEMENT STATEMENT REGARDING UNAUDITED FINANCIAL STATEMENT

The Condensed Financial Statements included herein have been prepared by the Company without audit, pursuant to the Rules and Regulations of the Securities and Exchange Commission. Financial Statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented in the accompanying from 10-Q not misleading, it is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K, filed by the Company with the Securities and Exchange Commission.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings.

The Company is not a party to any material legal proceedings nor is it aware of any such proceedings or litigation pending or threatened against it except for those litigation matters described in the Company's Form 10-K Annual Report for the fiscal year ending April 30, 1991, and Form 10-Q Quarterly Report for the period ending July 31, 1991. There have been no material developments in those litigation matters, except as follows:

Cast Iron Soil Pipe Institute v. Anaheim Foundry Company

On February 21, 1992 the Cast Iron Soil Pipe Institute ("CISPI"), a trade association of which the Company is a member, advised the Company that its Executive Committee had determined that the Company was acting in violation of the CISPI trademark license agreement in offering for sale and selling trademarked fittings not manufactured by the Company and that the CISPI Board of Directors had adopted the finding. The Company was further advised that CISPI had filed an action against the Company in the United States District Court for the Eastern District of Tennessee on February 20, which action seeks a declaration of the respective rights of CISPI and the Company, damages, and an injunction preventing the Company from using the CISPI trademark on pipe or fittings not manufactured by the Company. To date the action has not been served on the Company. The Company is exploring its options in responding to this information and has not yet determined a course of action.

Item 6 - Exhibits and Reports on Form 8-K.

The company has not filed any Form 8-K reports during the three months ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by tghe undersigned thereunto duly authorized.

ANAHEIM FOUNDRY COMPANY
(Registrant)

Date: 3/13/92

Cecil Sills
(Signature)
Cecil Sills
President

Date: 3/13/92

Will Kenney
(Signature)
William Kenney
Controller: (Principal
Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended June 30, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 0-14946

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Corporation
St. Petersburg, FL

ARMOR ALL PRODUCTS CORPORATION
(Exact Name of Registrant as specified in its charter)

DELAWARE	33-0178217
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6 Liberty, Aliso Viejo, California	92656
(Address of principal executive offices)	(Zip Code)

(714) 362-0600
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 1992
Common stock, $0.01 par value	20,999,553 shares

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PART 1. FINANCIAL INFORMATION

ARMOR ALL PRODUCTS CORPORATION
CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30, 1992	March 31, 1992
	(in thousands)	
ASSETS		
Current Assets		
Cash and short-term investments	$ 30,896	$ 15,708
Accounts receivable	31,157	45,308
Inventories	4,582	6,674
Prepaid expenses	3,365	795
Total current assets	70,000	68,485
Property - net	8,908	8,942
Goodwill	29,624	29,906
Patents and Trademarks	9,706	9,896
Other Intangibles	1,987	2,594
Total assets	$120,225	$119,823
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 8,697	$ 9,579
Accrued selling expenses	6,489	6,641
Dividends payable	2,520	2,514
Other liabilities	2,618	3,602
Total current liabilities	20,324	22,336
Deferred Income Taxes	1,081	1,161
Stockholders' Equity		
Common stock	210	210
Other capital	56,679	56,311
Unearned compensation - restricted stock	(283)	(322)
Retained earnings	42,185	40,273
Cumulative translation adjustment	29	(146)
Total stockholders' equity	98,820	96,326
Total liabilities and stockholders' equity	$120,225	$119,823

See accompanying financial notes.

ARMOR ALL PRODUCTS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended June 30	
	1992	1991
	(in thousands except per share amounts)	
REVENUES	$42,288	$34,834
COSTS AND EXPENSES:		
Cost of sales	17,210	14,170
Selling, general and administrative	16,593	14,954
Amortization of intangibles	1,078	1,079
Total costs and expenses	34,881	30,203
OPERATING INCOME	7,407	4,631
Interest income - net	225	40
INCOME BEFORE INCOME TAXES	7,632	4,671
Income taxes	3,198	1,999
NET INCOME	$4,434	$2,672
EARNINGS PER COMMON SHARE	$.21	$.13
DIVIDENDS PER COMMON SHARE	$.12	$.12
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	20,995	20,950

See accompanying financial notes.

ARMOR ALL PRODUCTS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended June 30	
	1992	1991
	(in thousands)	
Operating Activities		
Net income	$ 4,434	$ 2,672
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,418	1,366
Provision for losses on receivables	151	91
Deferred income taxes	381	(232)
Total	6,384	3,897
Effect of changes in		
Accounts receivable	14,000	26,429
Inventories	2,092	(835)
Prepaid expenses	(3,031)	(3,050)
Accounts payable	(882)	(2,793)
Accrued selling expenses	(152)	226
Other liabilities	(984)	446
Total	11,043	20,423
Net cash provided by operating activities	17,427	24,320
Investing Activities		
Capital expenditures	(268)	(253)
Other	175	(112)
Net cash used by investing activities	(93)	(365)
Financing Activities		
Decrease in short-term debt	0	(6,549)
Issuance of common stock	368	0
Dividends paid	(2,514)	(3,352)
Net cash used by financing activities	(2,146)	(9,901)
Net increase in cash and short-term investments	15,188	14,054
Cash and short-term investments at beginning of period	15,708	3,431
Cash and short-term investments at end of period	$30,896	$17,485

See accompanying financial notes.

ARMOR ALL PRODUCTS CORPORATION
FINANCIAL NOTES

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements present the financial position and results of operations of Armor All Products Corporation and its subsidiaries (the "Company"). McKesson Corporation ("McKesson") owns 83% of the outstanding shares of the Company's common stock. In the opinion of the Company, these unaudited consolidated financial statements include all adjustments necessary for a fair presentation of its financial position as of June 30, 1992 and the results of its operations and its cash flows for the three-month periods ended June 30, 1992 and 1991.

The results of operations for the three-month periods ended June 30, 1992 and 1991 are not necessarily indicative of the results for the full years. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and related notes thereto included in the Company's Annual Report to Shareholders for the year ended March 31, 1992. That report has previously been filed with the Securities and Exchange Commission as an exhibit to the Annual Report on Form 10-K.

2. CASH MANAGEMENT

Pursuant to an agreement with McKesson, the Company participates in the McKesson cash management program in which excess cash is invested with McKesson and cash requirements are met through borrowings from McKesson. At June 30, 1992, cash and short-term investments include $26,312,000 invested with McKesson at a 3.3% interest rate. At March 31, 1992, cash and short-term investments included $10,563,000 invested with McKesson at a 3.7% interest rate.

3. PREPAID EXPENSES

Prepaid expenses at June 30, 1992 include $2,862,000 of payments related to media advertising. The Company allocates the annual media advertising expense among interim periods in proportion to estimated annual sales volume.

ARMOR ALL PRODUCTS CORPORATION
FINANCIAL NOTES

4. INTEREST INCOME - NET

Interest income - net is comprised of the following:

	June 30 1992	 1991
	(in thousands)	
Interest income (expense) - McKesson	$167	$(25)
Interest income - other	58	66
Interest expense - other	0	(1)
Interest income - net	$225	$ 40

ARMOR ALL PRODUCTS CORPORATION
FINANCIAL REVIEW

Results of Operations

Revenues increased $7.5 million or 21.4% in the quarter ended June 30, 1992 in comparison with the quarter ended June 30, 1991. This increase is principally attributable to higher sales in the United States of Armor All® Protectant, as well as to strong sales of Armor All® Tire Foam, a new product introduced last November. Sales of the Company's line of waxes, washes and other car care products in the United States were approximately equal to the prior year level. International sales were higher due to increased shipments in Canada, the Pacific Rim and Latin America.

Cost of sales as a percentage of revenues was 40.7% in each of the quarters ended June 30, 1992 and 1991. A slightly lower-margin product mix was offset by the Company's ability to spread its fixed manufacturing and distribution costs over a higher sales volume.

Selling, general and administrative expense as a percentage of revenues was 39.2% and 42.9% in the quarters ended June 30, 1992 and 1991, respectively. The decrease in the current quarter is primarily due to absorption of fixed administrative costs over a higher sales volume.

The estimated effective income tax rate was 41.9% in the current quarter and 42.8% in the prior year quarter.

Net income increased 65.9% over the prior year quarter. Favorable year to year comparisons are anticipated to continue for the full year, although the rate of growth is expected to be below that experienced in the first quarter.

Financial Resources and Liquidity

The Company's working capital requirements fluctuate during the year, traditionally peaking in the spring due to extended payment terms offered in connection with the Company's winter sales promotional activities. Cash inflow is strongest during the summer months as these receivables are collected. This pattern resulted in cash flow from operations of $17.4 million and $24.3 million in the three-month periods ended June 30, 1992 and 1991, respectively, as accounts receivable were reduced from March 31 levels. The lower cash inflow in the current year is primarily due to the fact that accounts receivable at the beginning of the year were approximately $8.9 million lower than at the beginning of the prior year.

As long as the Company continues to participate in the McKesson cash management program, McKesson will make available to the Company the amount of cash necessary to provide the Company with sufficient funds to meet its needs as defined in its annual capital and operating plans.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Stockholders was held on July 24, 1992. There were no matters, other than the election of directors, voted upon at the meeting.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K

No reports were filed during the quarter ended June 30, 1992.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ARMOR ALL PRODUCTS CORPORATION
(Registrant)

Dated: August 7, 1992

By */s/ Mervyn J. McCulloch*
Mervyn J. McCulloch
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 1992

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-6393

THE BELL TELEPHONE COMPANY OF PENNSYLVANIA

(Incorporated under the laws of the State of Pennsylvania)

I.R.S. Employer Identification Number 23-0397860

One Parkway, Philadelphia, Pennsylvania 19102

Registrant's telephone number (215) 466-9900

THE REGISTRANT, A WHOLLY-OWNED SUBSIDIARY OF BELL ATLANTIC CORPORATION, MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT PURSUANT TO GENERAL INSTRUCTION H(2).

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

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THE BELL TELEPHONE COMPANY OF PENNSYLVANIA

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Form 10-Q Part I - Financial Information

Item 1. Financial Statements

THE BELL TELEPHONE COMPANY OF PENNSYLVANIA
Statements of Income and Reinvested Earnings
(Unaudited)

(Dollars in Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	1992	1991	1992	1991
OPERATING REVENUES				
Local service	$341.6	$327.2	$ 669.2	$ 644.9
Network access	198.8	195.8	388.1	376.7
Toll service	119.2	116.6	237.2	231.9
Directory advertising and other	138.7	123.6	273.1	247.0
Provision for uncollectibles	(10.7)	(9.1)	(21.5)	(18.5)
	787.6	754.1	1,546.1	1,482.0
OPERATING EXPENSES				
Employee costs, including benefits and taxes	183.0	184.5	361.7	364.3
Depreciation and amortization	151.8	125.9	301.7	250.6
Other	266.2	253.6	526.6	497.1
	601.0	564.0	1,190.0	1,112.0
NET OPERATING REVENUES	186.6	190.1	356.1	370.0
OPERATING INCOME TAXES				
Federal	35.4	42.8	63.7	86.6
State	17.8	8.1	33.5	19.0
	53.2	50.9	97.2	105.6
OPERATING INCOME	133.4	139.2	258.9	264.4
OTHER INCOME (EXPENSE)				
Allowance for funds used during construction	.4	.4	.9	.7
Miscellaneous, net	(1.5)	.1	4.2	(.4)
	(1.1)	.5	5.1	.3
INTEREST EXPENSE	36.5	37.5	73.7	75.1
INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	95.8	102.2	190.3	189.6
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE				
Transition Effect of a Change in Accounting for Postretirement Benefits Other Than Pensions, Net of Tax	--	--	--	(397.3)
NET INCOME (LOSS)	$ 95.8	$102.2	$ 190.3	$ (207.7)
REINVESTED EARNINGS				
At beginning of period	$477.2	$401.9	$ 466.8	$ 792.2
Add: net income (loss)	95.8	102.2	190.3	(207.7)
	573.0	504.1	657.1	584.5
Deduct: dividends	69.6	71.2	153.6	151.3
other changes	--	--	.1	.3
At end of period	$503.4	$432.9	$ 503.4	$ 432.9

See Notes to Financial Statements.

THE BELL TELEPHONE COMPANY OF PENNSYLVANIA

Balance Sheets

(Dollars in Millions)	June 30, 1992 (Unaudited)	December 31, 1991
ASSETS		
CURRENT ASSETS		
Cash	$ 7.9	$ 1.1
Accounts receivable:		
Customers and agents, net of allowances for uncollectibles of $56.9 and $54.3	420.9	431.5
Other	17.4	21.5
Material and supplies	26.9	30.5
Prepaid expenses	63.3	5.7
Deferred income taxes	21.8	18.6
Deferred charges	89.8	117.0
	648.0	625.9
PLANT, PROPERTY AND EQUIPMENT, AT COST	8,824.9	8,664.1
Less accumulated depreciation	3,361.9	3,170.0
	5,463.0	5,494.1
DEFERRED CHARGES AND OTHER ASSETS	58.2	106.7
TOTAL ASSETS	$6,169.2	$6,226.7
LIABILITIES AND SHAREOWNER'S INVESTMENT		
CURRENT LIABILITIES		
Debt maturing within one year:		
Affiliate	$ 155.8	$ 153.0
Other	.9	.8
Accounts payable:		
Parent and affiliates	110.5	88.7
Other	228.3	293.4
Accrued expenses:		
Taxes	18.8	68.6
Other	134.6	124.9
Advance billing, customer deposits and other	83.1	87.6
	732.0	817.0
LONG-TERM DEBT	1,694.2	1,694.1
DEFERRED CREDITS		
Deferred income taxes	687.5	713.9
Unamortized investment tax credits	161.0	171.4
Employee benefit obligations	771.1	757.4
Other	24.6	10.7
	1,644.2	1,653.4
SHAREOWNER'S INVESTMENT		
Common stock, $20 par value per share Authorized shares: 80,210,000 Outstanding shares: 79,732,681	1,594.7	1,594.7
Contributed capital	.7	.7
Reinvested earnings	503.4	466.8
	2,098.8	2,062.2
TOTAL LIABILITIES AND SHAREOWNER'S INVESTMENT	$6,169.2	$6,226.7

See Notes to Financial Statements.

THE BELL TELEPHONE COMPANY OF PENNSYLVANIA

Statements of Cash Flows
(Unaudited)

(Dollars in Millions)	Six Months Ended June 30, 1992	Six Months Ended June 30, 1991
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 422.8	$ 347.5
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to plant, property and equipment ..	(257.9)	(310.5)
Other, net	(6.8)	2.0
Net cash used in investing activities	(264.7)	(308.5)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in note payable to affiliate ...	2.8	237.9
Dividends paid	(153.6)	(151.3)
Principal repayments of long-term debt and capital lease obligations	(.5)	(125.5)
Net cash used in financing activities	(151.3)	(38.9)
INCREASE IN CASH	6.8	.1
CASH AT BEGINNING OF PERIOD	1.1	--
CASH AT END OF PERIOD	$ 7.9	$ .1

THE BELL TELEPHONE COMPANY OF PENNSYLVANIA

Notes to Financial Statements
(Unaudited)

(1) BASIS OF PRESENTATION

The accompanying financial statements are unaudited and have been prepared by The Bell Telephone Company of Pennsylvania (the Company) pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The December 31, 1991 balance sheet was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. In the opinion of management, such financial statements include all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the results of operations, financial position and cash flows. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such SEC rules and regulations. The Company believes that the disclosures made are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

(2) PRIOR PERIOD RESTATEMENT

The financial statements for the three and six months ended June 30, 1991 have been restated to reflect the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

(3) DIVIDEND

On July 30, 1992, the Company declared a dividend in the amount of $79.9 million which was paid to Bell Atlantic Corporation (Bell Atlantic) on July 31, 1992.

(4) INCOME TAXES

Prior to 1984, the Company was included in American Telephone and Telegraph Company's (AT&T) consolidated federal income tax returns. These returns have been examined by the Internal Revenue Service (IRS) and all issues have been settled.

During 1987, the IRS made a summary assessment requiring Bell Atlantic's telephone subsidiaries to pay a total of approximately $65 million in tax and interest related to certain contested issues for the years 1979 and 1980. This payment ($21 million of which was the Company's share) was recorded as a deferred charge. During the first quarter of 1992, the IRS settled the summary assessment issue as proposed by Bell Atlantic resulting in an after-tax gain to the Company of $8.7 million, which includes interest and taxes related to the settlement of certain issues for the tax years 1984 to 1986.

(5) SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid during the six months ended June 30, 1992 and 1991 was $74.0 million and $71.1 million, respectively. In addition, the Company paid income taxes of $154.1 million and $100.0 million during the six months ended June 30, 1992 and 1991, respectively.

(6) SUBSEQUENT EVENT

On July 15, 1992, the Company sold $150.0 million of 15 year 7.375% debentures through a public offering. The debentures are not redeemable prior to maturity. The net proceeds from the sale will be used to refinance long-term debt. On August 5, 1992, the Company will redeem its entire $146.0 million of 9.625% debentures, which are due in 2014, at a redemption price of 104.55% of their principal amount, plus accrued interest from July 15, 1992. As a result of the early retirement of this debt, the Company will incur a loss of $7.6 million on this redemption, before an income tax benefit of $3.2 million.

THE BELL TELEPHONE COMPANY OF PENNSYLVANIA

Selected Operating Data

(Unaudited)
(In Thousands)

	At June 30,	
	1992	1991
Network access lines in service:		
Residence	3,623	3,584
Business	1,664	1,618
Public	78	78
	5,365	5,280

	Six Months Ended June 30,	
	1992	1991
Carrier access minutes of use:		
Interstate	6,094,434	5,835,531
Intrastate	1,433,173	1,368,735
	7,527,607	7,204,266

	Six Months Ended June 30,	
	1992	1991
Exchange Carrier Messages:		
InterLATA	346,225	332,462
Corridor	5,436	4,564
	351,661	337,026

Item 2. Management's Discussion and Analysis of Results of Operations
(Abbreviated pursuant to General Instruction H(2))

This discussion should be read in conjunction with the Financial Statements and Notes to Financial Statements.

NET INCOME

Net income for the six months ended June 30, 1992 increased $398.0 million from the corresponding period in 1991. Effective January 1, 1991, the Company elected to adopt Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." In conjunction with this adoption, the Company recorded a one-time, non-cash, after-tax charge of $397.3 million representing the actuarial liability for postretirement health and life insurance benefits attributable to prior service of retired and active employees. Excluding this item, net income for the six months ended June 30, 1992 increased $.7 million from the comparable period in 1991.

OPERATING REVENUES

Operating revenues for the six months ended June 30, 1992 increased $64.1 million or 4.3% from the comparable period in 1991. The increase in operating revenues was comprised of the following:

	(Dollars in Millions)
Local service	$24.3
Network access	11.4
Toll service	5.3
Directory advertising and other	23.1
	$64.1

Local Service

Local service revenues are earned from the provision of local exchange, local private line and public telephone services. The $24.3 million increase in local service revenues reflects 1992 volume increases representing approximately $15.0 million and $12.6 million recorded in 1992 to reflect the State Tax Adjustment Surcharge (STAS).

The Company experienced access line growth of 1.6% in the first six months of 1992 over the comparable period in 1991 (see Selected Operating Data on page 6). The growth in access lines and continued demand for Intelligent Network features such as Custom Calling have increased revenues approximately $15.0 million for the first six months of 1992 over the comparable period in 1991. The STAS represents the recovery of tax increases resulting from legislation enacted in August 1991 by the Commonwealth of Pennsylvania. The Pennsylvania Public Utility Commission (PUC) allows the Company to recover the increased taxes in the form of a surcharge applied to customers' bills. The STAS affects each of the major revenue categories, with the largest impact on local service.

Network Access

Network access revenues (switched, special and end-user) are earned from interexchange carriers (IXCs) for the use of the Company's local exchange facilities in providing interstate and intrastate long-distance services to their customers and from end-user subscribers. Switched access revenues are derived from usage based charges paid by IXCs for access to the Company's network. Special access revenues arise from access charges paid by subscribers who have private lines, and end-user revenues are earned from local exchange carrier customers who pay a flat monthly charge, per access line, for access to the network.

Effective January 1, 1991, the Federal Communications Commission (FCC) adopted price cap regulation for the local exchange carriers. Price caps, a form of incentive regulation, limit prices rather than interstate rates of return. However, interstate earnings which produce returns over certain FCC-mandated thresholds must be shared with or returned entirely to customers in the form of prospective price reductions for interstate services for a twelve month tariff period. In its first Annual Price Cap Tariff, effective July 1, 1991, Bell Atlantic, on behalf of its telephone subsidiaries, filed interstate rate reductions in effect through June 30, 1992. Bell Atlantic filed further interstate rate reductions which became effective July 1, 1992. These rate reductions, net of lower support obligations to the National Exchange Carrier Association interstate access revenue pool, are expected to reduce 1992 interstate revenues. It is expected that the effect on net income will be mitigated by volume-related revenue increases and interstate cost reductions.

The $11.4 million increase in network access revenues is mainly due to a 4.5% increase in switched access minutes of use (see Selected Operating Data on page 6), partially offset by the reduction in rates noted above. Also, in accordance with the Company's withdrawal from the National Exchange Carrier Association interstate access revenue pool, the scheduled transitional support payments were lower in the first six months of 1992 from the comparable period in 1991. Special access revenues and end-user revenues were flat for the first six months of 1992 compared to the same period in 1991.

Toll Service

Toll service revenues are earned from interexchange usage services such as Message Toll Services (MTS), Wide Area Telecommunications Services (WATS), and Corridor Services (between Southeastern Pennsylvania and Southern New Jersey). The increase in toll service revenues was mainly due to the effect of the previously mentioned STAS. In addition, a 4.3% increase in MTS volume more than offset a decrease in WATS and private line revenues due to competition for these services.

Directory Advertising and Other

Directory advertising and other includes revenues from the sale of advertising in the Company's telephone directories, billing and collection services provided to IXCs, premises services such as inside wire installation and maintenance services, rent of Company facilities by affiliates and non-affiliates, and the provision for uncollectibles.

Directory advertising and other increased $23.1 million principally as a result of increases in rents and directory advertising revenue. These increases were slightly offset by an increase in the provision for uncollectibles associated with the increased revenues and the weakened economy. Rental income increased due to higher charges to affiliated companies for use of the Company's facilities and the classification, as revenue, of a portion of the intercompany charges which had previously been reflected as a reduction of expense. The increase in directory advertising revenue was primarily due to higher advertising rates. Volume growth for directory advertising, while still positive, has slowed due to the weakened economy and competition.

OPERATING EXPENSES

Operating expenses for the six months ended June 30, 1992 increased $78.0 million or 7.0% from the comparable period in 1991. The increase in operating expenses was comprised of the following:

	Increase (Decrease) (Dollars in Millions)
Employee costs	$ (2.6)
Depreciation and amortization	51.1
Other	29.5
	$ 78.0

Employee Costs

Employee costs include salaries, wages, commissions, pension and benefit expenses and payroll taxes for employees paid directly by the Company. Similar costs incurred by employees of Bell Atlantic Network Services, Inc. (NSI), who provide centralized services on a contract basis, are allocated to the Company and are included in other operating expenses. Employee costs for the first six months of 1992 decreased $2.6 million from the comparable period in 1991. This decrease was primarily due to the effect of a management retirement incentive program offered in the fourth quarter of 1991. Under the program, retirement-eligible employees were entitled to increased pension benefits and other non-cash incentives if they retired on December 15, 1991. Approximately 560 management employees retired under this program. This decrease was partially offset by wage increases for associate employees in August 1991 and salary increases for management employees in April 1992 and 1991.

Depreciation and Amortization

Depreciation and amortization expense for the first six months of 1992 increased $51.1 million from the comparable period in 1991. This increase was mainly attributable to a change in the depreciable lives of certain classes of plant. Effective January 1, 1992, the PUC and FCC approved the Company's petitions to change the depreciable lives of certain classes of plant resulting in a net decrease to plant lives.

Other Operating Expenses

Other operating expenses consist primarily of centralized service expenses allocated to the Company by NSI, rent, operating taxes other than income taxes, and other general and administrative expenses. Other operating expenses increased $29.5 million over the comparable period in 1991. The increase was mainly attributable to increases in costs allocated to the Company by NSI due to increases in customer service costs, information management costs and employee related expenses. In addition, during 1992 the Company has experienced an increase in write-offs associated with uncollectible receivables purchased from IXCs.

OPERATING INCOME TAXES

For the six months ended June 30, 1992, operating income taxes decreased $8.4 million from the comparable period in 1991. Federal income taxes decreased $22.9 million while state income taxes increased $14.5 million. Federal income taxes decreased $22.9 million due to revised federal tax estimates and lower pre-tax income, including the impact of the state tax increases. The increase in state income taxes is mainly attributable to a 3.75% increase in the state corporate income tax rate. The effective income tax rate for the first six months of 1992 was 34.4%, compared to 35.6% for the comparable period in 1991.

OTHER INCOME (EXPENSE)

Other income and expense for the first six months of 1992 increased $4.8 million from the comparable period in 1991. This increase was principally due to a favorable settlement of various federal income tax matters related to prior periods which resulted in the recognition of interest income. (See Note 4 of Notes to Financial Statements).

FINANCIAL CONDITION

On July 15, 1992, the Company sold $150.0 million of 15 year 7.375% debentures through a public offering. The debentures are not redeemable prior to maturity. The net proceeds from the sale will be used to refinance long-term debt. On August 5, 1992, the Company will redeem its entire $146.0 million of 9.625% debentures, which are due in 2014, at a redemption price of 104.55% of their principal amount, plus accrued interest from July 15, 1992. As a result of the early retirement of this debt, the Company will incur an after-tax charge of $4.4 million in the third quarter of 1992. This refinancing is expected to result in a reduction in annual interest costs of $3.3 million, before an income tax charge of $1.4 million.

Under a shelf registration statement filed with the Securities and Exchange Commission, the Company may issue an additional $150.0 million of debt securities.

The Company's debt ratio was 46.9% at June 30, 1992, compared to 47.3% and 43.9% at December 31, 1991 and June 30, 1991.

Management believes that working capital and available credit facilities are adequate to meet normal operating requirements, and that while presently foreseeable capital requirements will continue to be financed primarily through internally generated funds, some additional long-term financing may be needed to maintain the Company's capital structure within management's guidelines.

PROSPECTIVE INFORMATION

Bell Atlantic has announced that it plans to reduce its associate workforce by a total of approximately 3,500 employees by the end of 1992, and will negotiate the specific means for accomplishing this reduction in the course of collective bargaining of its union contracts that expire on August 8, 1992. The financial impact of the planned workforce reduction on the Company cannot be estimated until a specific plan has been developed.

Representative Jack Brooks (D-Texas) has introduced legislation in the U.S. House of Representatives that, if enacted, could have a significant adverse effect on the Company's growth opportunities and future results of operations. The bill, H.R. 5096 (the Brooks Bill), would revoke the rights to provide information services that were granted to the Company and other regional Bell holding companies by a 1991 Federal court order. In addition, the Brooks Bill would impose a statutory bar, removable under certain circumstances, prohibiting the Bell holding companies from manufacturing telecommunications equipment, providing long-distance services, and conducting various types of telecommunications research and development. The restrictions in the Brooks Bill go beyond the restrictions imposed in the American Telephone and Telegraph Consent Decree. The Company is unable to predict at this time whether the Brooks Bill will be enacted in its current form or in any modified form.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For background concerning the Company's contingent liabilities under the Plan of Reorganization governing the divestiture by AT&T of certain assets of the former Bell System Operating Companies with respect to private actions relating to pre-divestiture events, and concerning pending antitrust cases, see Item 3 of the Company's Annual Report to the SEC on Form 10-K for the year ended December 31, 1991.

Item 6. Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K:

- A Current Report on Form 8-K, dated July 6, 1992, was filed reporting on Item 7 (Financial Statements and Exhibits) in connection with the sale of debt securities.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Bell Telephone Company of Pennsylvania

Date: August 6, 1992

By: /s/ William Harral
William Harral
Vice President-External Affairs and
Chief Financial Officer

(Principal Financial Officer)

UNLESS OTHERWISE INDICATED, ALL INFORMATION IS AS OF AUGUST 3, 1992.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended June 30, 1992

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________________ to ________________

Commission file number 0-10535

CITIZENS BANKING CORPORATION
(Exact name of registrant as specified in its charter)

Michigan	38-2378932
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Citizens Banking Center, Flint, Michigan	48502
(Address of principal executive offices)	(Zip Code)

(313) 766-7500
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. X Yes ___ No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 1992
Common Stock, No Par Value	6,533,255 Shares

(This report contains 27 pages)

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Citizens Banking Corporation
Index to Form 10-Q

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PART I - FINANCIAL INFORMATION

Item 1 - Consolidated Financial Statements
Citizens Banking Corporation and Subsidiaries
Consolidated Balance Sheets (Unaudited)

(In Thousands)	June 30, 1992	December 31, 1991
ASSETS		
Cash and due from banks	$ 117,417	$ 122,932
Money market investments:		
Interest-bearing deposits with banks	35,105	40,102
Federal funds sold	90,000	35,600
Term federal funds sold	60,000	50,000
Other	373	202
Total money market investments	185,478	125,904
Investment securities (market value- $601,414 in 1992 and $644,121 in 1991):		
U.S. Treasury and federal agency	308,679	285,744
State and municipal	233,541	270,960
Other	47,990	73,321
Total investment securities	590,210	630,025
Loans:		
Commercial	439,722	440,020
Real estate - construction	15,471	13,735
Real estate - mortgage	563,108	567,953
Consumer installment	454,454	462,948
Lease financing	59,394	47,503
Total loans	1,532,149	1,532,159
Less: Allowance for loan losses	(19,512)	(19,759)
Net loans	1,512,637	1,512,400
Premises and equipment	49,353	51,075
Other assets	46,209	50,248
Total assets	$2,501,304	$2,492,584
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	$ 307,140	$ 284,671
Interest-bearing	1,779,182	1,779,353
Total deposits	2,086,322	2,064,024
Federal funds purchased and securities sold under agreements to repurchase	113,164	117,602
Other short-term borrowings	36,796	43,588
Other liabilities	24,306	28,782
Long-term debt	16,167	20,405
Total liabilities	2,276,755	2,274,401
SHAREHOLDERS' EQUITY		
Preferred stock - No par value	--	--
Common stock - No par value	79,750	68,945
Capital surplus	--	9,941
Retained earnings	152,673	146,166
Treasury stock, at cost	(7,874)	(6,869)
Total shareholders' equity	224,549	218,183
Total liabilities and shareholders' equity	$2,501,304	$2,492,584

See notes to consolidated financial statements.

Citizens Banking Corporation and Subsidiaries
Consolidated Statements of Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In Thousands)	1992	1991	1992	1991
INTEREST INCOME				
Interest and fees on loans	$ 34,851	$ 40,249	$ 70,750	$ 80,788
Interest and dividends on investment securities:				
Taxable	6,005	7,710	12,681	15,591
Nontaxable	3,159	2,701	6,642	5,420
Money market investments	1,544	2,781	2,803	5,505
Total interest income	45,559	53,441	92,876	107,304
INTEREST EXPENSE				
Deposits	19,041	25,890	39,375	52,129
Short-term borrowings	1,362	1,952	2,807	4,238
Long-term debt	258	666	614	1,452
Total interest expense	20,661	28,508	42,796	57,819
NET INTEREST INCOME	24,898	24,933	50,080	49,485
Provision for loan losses	1,576	1,369	3,176	2,626
Net interest income after provision for loan losses	23,322	23,564	46,904	46,859
NONINTEREST INCOME				
Trust fees	2,146	1,985	4,310	4,045
Service charges on deposit accounts	1,796	1,759	3,486	3,408
Investment securities gains (losses)	1	17	(13)	16
Bankcard fees	901	916	1,777	1,804
Other	1,758	1,984	3,744	3,609
Total noninterest income	6,602	6,661	13,304	12,882
NONINTEREST EXPENSES				
Salaries and employee benefits	13,260	13,019	26,456	25,547
Equipment	1,921	2,048	3,903	4,074
Occupancy	1,630	1,703	3,359	3,422
FDIC insurance premiums	1,145	970	2,290	1,909
Postage and delivery	575	586	1,149	1,175
Stationery and supplies	517	647	1,059	1,300
Other	4,461	4,653	8,858	9,251
Total noninterest expenses	23,509	23,626	47,074	46,678
INCOME BEFORE INCOME TAXES	6,415	6,599	13,134	13,063
Income taxes	1,069	1,411	2,181	2,751
NET INCOME	$ 5,346	$ 5,188	$ 10,953	$ 10,312
Average shares outstanding	6,538,840	6,530,249	6,537,826	6,534,159
Net income per share	$ 0.82	$ 0.80	$ 1.68	$ 1.58
Dividends declared per share	0.35	0.33	0.68	0.63

See notes to consolidated financial statements.

Citizens Banking Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

	1992		1991	
(In Thousands)	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
COMMON STOCK				
Balance, beginning of quarter	$ 69,085	$ 68,945	$ 68,778	$ 68,763
Transfer from capital surplus	10,153	--	--	--
Common stock issued on exercise of stock options	512	140	167	15
Balance, end of quarter	79,750	69,085	68,945	68,778
SURPLUS				
Balance, beginning of quarter	10,153	9,941	9,743	9,728
Transfer to common stock	(10,153)	--	--	--
Common stock issued on exercise of stock options	--	212	198	15
Balance, end of quarter	--	10,153	9,941	9,743
RETAINED EARNINGS				
Balance, beginning of quarter	149,616	146,166	142,690	139,710
Net income	5,346	5,607	5,630	5,133
Cash dividends declared	(2,289)	(2,157)	(2,154)	(2,153)
Balance, end of quarter	152,673	149,616	146,166	142,690
TREASURY STOCK				
Balance, beginning of quarter	(7,225)	(6,869)	(6,781)	(6,632)
Cost of shares acquired for treasury	(649)	(356)	(88)	(149)
Balance, end of quarter	(7,874)	(7,225)	(6,869)	(6,781)
TOTAL SHAREHOLDER'S EQUITY	$224,549	$221,629	$218,183	$214,430

See notes to consolidated financial statements.

Citizens Banking Corporation and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)

(In Thousands)	Six Months Ended June 30, 1992	1991
OPERATING ACTIVITIES:		
Net income	$ 10,953	$ 10,312
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	3,176	2,626
Provision for depreciation and amortization	2,975	3,097
Amortization of goodwill and other intangibles	533	540
Net amortization on investment securities	2,881	1,622
Investment securities (gains) losses	13	(16)
Other	(981)	158
Net cash provided by operating activities	19,550	18,339
INVESTING ACTIVITIES:		
Net increase in money market investments	(59,574)	(89,903)
Proceeds from sales of investment securities	32,702	50
Proceeds from maturities of investment securities	259,114	73,445
Purchases of investment securities	(254,895)	(65,282)
Net decrease in loans	8,646	7,864
Principal payments received under leases	9,461	9,475
Purchases of assets to be leased	(21,535)	(15,311)
Purchases of premises and equipment	(1,227)	(2,634)
Net cash used by investing activities	(27,308)	(82,296)
FINANCING ACTIVITIES:		
Net increase in demand and savings deposits	57,603	53,475
Net decrease in time deposits	(35,305)	(1,564)
Net increase(decrease) in short-term borrowings	(11,230)	22,433
Proceeds from issuance of long-term debt	--	513
Principal reductions in long-term debt	(4,238)	(16,131)
Cash dividends paid	(4,446)	(4,120)
Proceeds from stock options exercised	864	--
Purchases of common stock for treasury	(1,005)	(569)
Net cash provided by financing activities	2,243	54,037
Net decrease in cash and due from banks	(5,515)	(9,920)
Cash and due from banks at beginning of period	122,932	121,263
Cash and due from banks at end of period	$117,417	$111,343

See notes to consolidated financial statements.

Citizens Banking Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Basis of Presentation
The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and notes thereto included in the Corporation's annual report on Form 10-K for the year ended December 31, 1991.

Note 2. Shareholders' Equity
On April 21, 1992, the shareholders of the Corporation approved an amendment to Article III of the Corporation's Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock of the Corporation from 12,000,000 shares with a par value of $10.00 per share to 20,000,000 shares with no par value and to increase the number of authorized shares of preferred stock of the Corporation from 3,000,000 shares with no par value to 5,000,000 shares with no par value. On June 3, 1992, this amendment was approved and filed with the Michigan Department of Commerce - Corporation and Securities Bureau and, accordingly, the par value capital stock and capital surplus accounts were combined to form a new no par capital account entitled "Common Stock - No Par Value" at such time.

Note 3. Reclassifications
Certain prior year amounts have been reclassified to conform to the current year financial statement presentation.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a review of the Corporation's performance during the six and three-month periods ended June 30, 1992. This discussion should be read in conjunction with the accompanying unaudited financial statements and notes thereto appearing on pages 3 through 7 of this report and the Corporation's 1991 Annual Report to Shareholders and 1991 Annual Report on Form 10-K.

SELECTED FINANCIAL DATA

	Three Months Ended June 30,		Six Months Ended June 30,	
(In Thousands Except Per Share Data)	1992	1991	1992	1991
OPERATING RESULTS				
Interest income	$ 45,559	$ 53,441	$ 92,876	$ 107,304
Net interest income	24,898	24,933	50,080	49,485
Provision for loan losses	1,576	1,369	3,176	2,626
Investment securities gains (losses)	1	17	(13)	16
Noninterest income	6,601	6,644	13,317	12,866
Noninterest expenses	23,509	23,626	47,074	46,678
Income taxes	1,069	1,411	2,181	2,751
Net income	5,346	5,188	10,953	10,312
Cash dividends	2,289	2,155	4,446	4,120
PER SHARE DATA				
Net income	$ .82	$ .80	$ 1.68	$ 1.58
Cash dividends	.35	.33	.68	.63
Book value (end of period)	--	--	34.32	32.40
FINANCIAL RATIOS (Annualized)				
Return on average shareholders' equity	9.69%	9.93%	9.98%	9.99%
Return on average total assets	.87	.85	.89	.85
Return on average earning assets	.94	.92	.96	.92
Net interest margin (FTE)	4.68	4.67	4.73	4.67
Net loan charge-offs to average loans	.42	.39	.45	.35
Average equity to average total assets	9.00	8.55	8.96	8.55
Nonperforming assets to loans plus OREO (end of period)	--	--	1.71	1.71
BALANCE SHEET TOTALS		Percent Change		
At Period End (June 30)				
Assets		0.42%	$2,501,304	$2,490,793
Loans		(1.21)	1,532,149	1,550,989
Deposits		0.78	2,086,322	2,070,200
Shareholders' equity		6.14	224,549	211,569
Average balances				
Assets		1.22	$2,462,473	$2,432,881
Loans		(1.68)	1,528,805	1,554,900
Deposits		2.08	2,059,642	2,017,701
Shareholders' equity		6.09	220,735	208,069

PERFORMANCE SUMMARY

Selected financial data as of June 30, 1992 and 1991 and for the three and six-month periods then ended are presented in the table on page 8. As shown, the increase in earnings during the first half of 1992 over 1991 is reflective of higher net interest and noninterest income and lower income taxes, which more than offset the impact of an increased provision for loan losses and higher noninterest expenses. A lower provision for income taxes, associated with significantly higher holdings of municipal securities, offset in part by a higher provision for loan losses was the primary cause of improved earnings during the second quarter of 1992 when compared with the same period of 1991.

SIX MONTHS, 1992 VERSUS SIX MONTHS, 1991

Net Interest Income

Net interest income and average balances and yields on major categories of interest-earning assets and interest-bearing liabilities during the first six months of 1992 and 1991 are summarized on page 10. The financial effects of changes in average market rates of interest ("rate") and average balances ("volume") are quantified in the "Analysis of Changes in Interest Income and Interest Expense" provided below.

ANALYSIS OF CHANGES IN INTEREST INCOME AND INTEREST EXPENSE

	1992 Compared With 1991		
		Increase (Decrease) Due to Change in	
Six Months Ended June 30 (In Thousands)	Net Change[1]	Rate[2]	Volume
INTEREST INCOME:			
Money market investments			
Time deposits with banks	$ 184	$ (484)	$ 668
Federal funds sold	(1,141)	(825)	(316)
Other	(1,745)	(482)	(1,263)
Investment securities			
Taxable	(2,910)	(3,466)	556
Nontaxable	1,222	(921)	2,143
Loans	(10,038)	(8,674)	(1,364)
Total	(14,428)	(14,852)	424
INTEREST EXPENSE:			
Deposits			
Demand	(837)	(1,581)	744
Savings	(3,989)	(5,565)	1,576
Time	(7,928)	(5,817)	(2,111)
Short-term borrowings	(1,431)	(1,227)	(204)
Long-term debt	(838)	(192)	(646)
Total	(15,023)	(14,382)	(641)
NET INTEREST INCOME	$ 595	$ (470)	$ 1,065

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[1] Changes are based on actual interest income and do not reflect taxable equivalent adjustments.

[2] Rate/Volume variances are allocated to changes due to rate.

AVERAGE BALANCES/NET INTEREST INCOME/AVERAGE RATES

Six Months Ended June 30 (In thousands)	1992 Average Balance	1992 Interest (1)	1992 Average Rate (2)	1991 Average Balance	1991 Interest (1)	1991 Average Rate (2)
EARNING ASSETS						
Money market investments						
Interest earning deposits with banks	$ 36,285	$ 788	4.37 %	$ 17,279	$ 604	7.05 %
Federal funds sold	71,767	1,371	3.84	82,312	2,512	6.15
Term federal funds sold & other	29,825	644	4.34	66,092	2,389	7.29
Investment securities						
Taxable	387,352	12,681	6.57	374,438	15,591	8.37
Nontaxable	231,064	6,642	8.72	165,591	5,420	9.94
Loans and leases						
Commercial	442,531	17,165	8.00	472,677	22,466	9.71
Consumer	454,108	23,496	10.40	473,850	27,110	11.53
Real estate	580,570	27,368	9.46	566,861	28,826	10.21
Lease financing	51,596	2,721	10.61	41,532	2,386	11.59
Total earning assets	2,285,098	92,876	8.50	2,260,612	107,304	9.83
NONEARNING ASSETS						
Cash and due from banks	99,277			92,649		
Bank premises and equipment	50,274			51,692		
Other nonearning assets	47,498			47,554		
Allowance for loan losses	(19,674)			(19,626)		
Total assets	$ 2,462,473			$ 2,432,881		
INTEREST-BEARING LIABILITIES						
Demand deposits	$ 210,276	3,205	3.07	$ 178,087	4,042	4.58
Savings deposits	754,238	13,262	3.54	693,032	17,251	5.02
Time deposits	811,045	22,908	5.68	873,059	30,836	7.12
Repurchase agreements and other short-term borrowings	135,995	2,807	4.15	143,224	4,238	5.97
Long-term debt	18,157	614	6.80	32,815	1,452	8.92
Total interest-bearing liabilities	1,929,711	42,796	4.46	1,920,217	57,819	6.07
NONINTEREST-BEARING LIABILITIES AND SHAREHOLDERS' EQUITY						
Demand deposits	284,083			273,523		
Other liabilities	27,944			31,072		
Shareholders' equity	220,735			208,069		
Total liabilities and shareholders' equity	$ 2,462,473			$ 2,432,881		
NET INTEREST INCOME		$ 50,080			$ 49,485	
NET INTEREST INCOME AS A PERCENT OF EARNING ASSETS			4.73 %			4.67 %

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(1) Interest income shown on actual basis and does not include taxable equivalent adjustments.

(2) Average rates are presented on an annual basis and include taxable equivalent adjustments to interest income of $3,962,000 and $3,230,000 for the six months ended June 30, 1992 and 1991, respectively, based on a tax rate of 34%.

Reduced loan demand in the Corporation's local markets negatively impacted average commercial and consumer loan balances. Offsetting increases were experienced in average mortgage loan, lease financing and investment security balances. Earning asset growth was primarily funded by increased average core deposits with growth experienced in interest-bearing demand, savings and noninterest-bearing demand deposits. Lower average time deposit balances somewhat offset these increases. The substantially lower overall interest rate environment during the first half of 1992 compared with the same period of 1991 resulted in reduced yields on all categories of interest earning assets. The resulting negative rate variances were more than offset by a reduction in total interest expense as management took steps to control its cost of funds during the second half of 1991 and first half of 1992. As a result, net interest margin was 6 basis points higher and net interest income was $595,000 higher during the first half of 1992 compared with the same period of 1991.

Provision and Allowance for Loan Losses

Management provides for possible loan losses at a rate considered appropriate based on judgements regarding economic conditions, historical loss experience, the size and composition of the loan portfolio, the amount and character of nonperforming assets, estimated future net charge-offs and other factors. A summary of loan loss experience during the six months ended June 30, 1992 and 1991 is provided below. The increase in the provision for loan losses recorded during the first half of 1992 compared with the same period of 1991 is reflective of management's desire to maintain a strong allowance for loan losses in light of higher net loan charge-offs during the first half of 1992.

ANALYSIS OF ALLOWANCE FOR LOAN LOSSES

	Six Months Ended June 30,	
(In Thousands)	1992	1991
Allowance for loan losses - beginning of period	$ 19,759	$ 19,448
Charge-offs	4,300	3,730
Recoveries	877	1,064
Net charge-offs	3,423	2,666
Provision for loan losses	3,176	2,626
Allowance for loan losses - end of period	$ 19,512	$ 19,408
Loans outstanding at period end	$1,532,149	$1,550,989
Average loans outstanding during period	1,528,805	1,554,900
Allowance for loan losses as a percentage of loans outstanding at period end	1.27%	1.25%
Ratio of net charge-offs during period to average loans outstanding (annualized)	.45	.35
Loan loss coverage (allowance as a multiple of net charge-offs, annualized)	2.8x	3.6x

The Corporation maintains formal policies and procedures to monitor and control credit risk. The Corporation's loan portfolio has no significant concentrations in any one industry nor any exposure to foreign loans. The Corporation has generally not extended credit to finance highly leveraged transactions nor does it intend to do so in the future. Based on current information, management believes that the current allowance for loan losses is adequate to meet presently known risks in the loan portfolio.

Employment levels and other economic conditions in the Corporation's local markets may have a significant impact on the level of credit losses. Management continues to identify and devote attention to credits which may not be performing as well as expected. Nonperforming loans are further discussed in the section entitled "Underperforming Assets."

Noninterest Income

Noninterest income, exclusive of investment securities gains and losses, accounted for 12.5% of total revenue during the first half of 1992, compared with 10.7% during the same period of 1991. A summary of significant sources of noninterest income during the first six months of 1992 and 1991 follows:

NONINTEREST INCOME	Six Months Ended June 30,		Changes in 1992	
(In Thousands)	1992	1991	Amount	Percent
Trust fees	$ 4,310	$ 4,045	$ 265	6.6 %
Service charges on deposit accounts	3,486	3,408	78	2.3
Bankcard fees	1,777	1,804	(27)	(1.5)
Brokerage fees	772	400	372	93.0
Other loan income	464	415	49	11.8
ATM network user fees	484	431	53	12.3
Cash management services	468	403	65	16.1
Safe deposit rentals	386	367	19	5.2
Investment securities transactions	(13)	16	(29)	*
Other, net	1,170	1,593	(423)	(26.6)
Total	$ 13,304	$ 12,882	$ 422	3.3 %

* Not meaningful.

Increased trust fees resulted from improved marketing and pricing strategies. Fees earned by the Corporation's retail brokerage operations increased as a result of ongoing business development strategies. The increase in service charges on deposit accounts resulted primarily from improved pricing strategies and higher transaction levels for commercial deposit accounts. Other loan income was higher primarily because of increased mortgage servicing income.

Other income was lower during the first half of 1992 compared with 1991 as the result of nonrecurring gains on sale of previously leased equipment of $165,000 and lease termination fees of $143,000 recorded during 1991 versus net losses on sale of equipment of $19,000 recorded during the first half of 1992.

Sales of investment securities resulted in net losses of $13,000 during the first half of 1992, compared with net gains of $16,000 during the same period of 1991. Management has the ability and intent to hold investment securities to maturity and does not engage in active securities trading. Investment securities are occasionally sold to reduce credit exposure or to alter the mix of portfolio maturities or the blend of its components. Sales may also be initiated to maximize long-term earnings through investment of proceeds in assets with higher yields, thereby recovering any losses on sale within a relatively short time.

Noninterest Expenses

Significant changes in noninterest expenses during the first half of 1992 compared with the same period of 1991 are summarized in the table below.

NONINTEREST EXPENSES	Six Months Ended June 30,		Changes in 1992	
(In Thousands)	1992	1991	Amount	Percent
Salaries and employee benefits	$ 26,456	$ 25,547	$ 909	3.6 %
Equipment	3,903	4,074	(171)	(4.2)
Occupancy	3,359	3,422	(63)	(1.8)
FDIC insurance premiums	2,290	1,909	381	20.0
Stationery and supplies	1,059	1,300	(241)	(18.5)
Postage and delivery	1,149	1,175	(26)	(2.2)
Taxes other than income taxes	998	922	76	8.2
Advertising and public relations	1,019	1,086	(67)	(6.2)
Consulting and other professional services	849	434	415	95.6
Legal, audit and examination fees	745	753	(8)	(1.1)
Bankcard processing	820	857	(37)	(4.3)
Other loan fees	651	710	(59)	(8.3)
Other, net	3,776	4,489	(713)	(15.9)
Total	$ 47,074	$ 46,678	$ 396	0.8 %

Salaries and Employee Benefits

Salaries and employee benefits, the largest component of noninterest expenses, were higher during the first half of 1992 compared with the same period of 1991 because of normal merit increases and higher health, unemployment insurance and other benefit costs. The effects of these cost increases were somewhat mitigated by a reduction in the number of full-time equivalent employees through normal attrition. Management anticipates that the ongoing consolidation of operational functions throughout the Corporation will continue to mitigate the need to replace staff lost through normal attrition.

FASB Statement No. 106 ("SFAS 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions," which must be adopted by first quarter 1993, requires accrual of the expected costs of retiree medical and life insurance benefits over the periods that employees render service, rather than recognition as benefits are paid during retirement, as is the present practice. Upon adoption of the standard, the accumulated obligation for these accrued benefits (the "transition obligation") may be recognized immediately or amortized over a period of up to 20 years. The amount of the transition obligation and the effect of SFAS 106 on future operating results are dependent on a number of factors currently under review by the Corporation. These factors include potential modification of plan benefits, changes in employment levels and refinement of actuarial assumptions. The Corporation has not yet determined the date or method of adoption, or the various actuarial assumptions to be used. Preliminary estimates, based on various scenarios presently under consideration, indicate the Corporation's transition obligation to be approximately $20,000,000.

Other Expenses

As a result of the consolidation of data processing operations from the Saginaw data center to the Corporate location in Flint, the Corporation experienced lower equipment rental and maintenance costs during the first half of 1992 compared with 1991. These savings were somewhat offset by higher software maintenance expenses. Savings related to the centralization of data processing, proof and other functions were also reflected in reduced supplies and stationery costs during the first half of 1992 compared with the same period of 1991.

Consulting fees were higher during the first half of 1992 than during the same period of 1991 primarily as a result of the conversion of data processing systems for certain subsidiary banks to the standard corporate loan and deposit software systems. These nonrecurring cost increases will be partially offset by reductions in fees paid to external data processing service bureaus and other costs. These data processing system conversions are expected to be substantially completed by fourth quarter 1992. Management anticipates that the standardization of these systems will facilitate product development and support, and long-term expense reductions.

Other expenses were favorably impacted by the recovery of insurance proceeds pertaining to a loss which had been charged-off in prior periods. This nonrecurring item was classified as a reduction of other expenses and accounted for $352,000 of the decrease in this category. The FDIC has announced that deposit insurance rates will remain unchanged at $0.23 per $100 of insured deposits through the remainder of 1992. Proposed increases in the assessment rate will negatively impact the Corporation's future earnings.

Income Taxes

Federal income tax expense was $2,181,000 during the first six months of 1992, a decrease of $570,000 from $2,751,000 during the same period of 1991. This decrease was associated with significantly higher investments in nontaxable securities during the last half of 1991.

SECOND QUARTER, 1992 VS. SECOND QUARTER, 1991

Net Interest Income

As summarized below in the "Analysis of Changes in Interest Income and Interest Expense," net interest income was slightly lower during the second quarter of 1992 compared with the same period of 1991 primarily as a result of lower average yields on earning assets. Net interest income and average balances and yields on major categories of interest-earning assets and interest-bearing liabilities during the second quarters of 1992 and 1991 are summarized on page 16. As shown, net interest margin was one basis point higher during the second quarter of 1992 than during the same period of 1991.

ANALYSIS OF CHANGES IN INTEREST INCOME AND INTEREST EXPENSE

	1992 Compared With 1991		
		Increase (Decrease) Due to Change in	
Three Months Ended June 30 (In Thousands)	Net Change[1]	Rate[2]	Volume
INTEREST INCOME:			
Money market investments			
Time deposits with banks	$ 143	$ (239)	$ 382
Federal funds sold	(411)	(523)	112
Other	(969)	(208)	(761)
Investment securities			
Taxable	(1,705)	(2,000)	295
Nontaxable	458	(406)	864
Loans	(5,398)	(4,347)	(1,051)
Total	(7,882)	(7,723)	(159)
INTEREST EXPENSE:			
Deposits			
Demand	(435)	(814)	379
Savings	(2,114)	(2,809)	695
Time	(4,300)	(2,853)	(1,447)
Short-term borrowings	(590)	(558)	(32)
Long-term debt	(408)	(128)	(280)
Total	(7,847)	(7,162)	(685)
NET INTEREST INCOME	$ (35)	$ (561)	$ 526

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[1] Changes are based on actual interest income and do not reflect taxable equivalent adjustments.

[2] Rate/Volume variances are allocated to changes due to rate.

AVERAGE BALANCES/NET INTEREST INCOME/AVERAGE RATES

Three Months Ended June 30 (in thousands)	1992 Average Balance	1992 Interest (1)	1992 Average Rate (2)	1991 Average Balance	1991 Interest (1)	1991 Average Rate (2)
EARNING ASSETS						
Money market investments						
Interest earning deposits with banks	$ 42,741	$ 442	4.16 %	$ 18,731	$ 299	6.40 %
Federal funds sold	95,944	893	3.74	88,096	1,304	5.94
Term federal funds sold & other	21,099	209	3.98	69,412	1,178	6.81
Investment securities						
Taxable	386,471	6,005	6.24	371,434	7,710	8.32
Nontaxable	218,889	3,159	8.76	165,833	2,701	9.89
Loans and leases						
Commercial	440,537	8,491	7.96	474,832	11,165	9.34
Consumer	450,933	11,508	10.26	473,623	13,411	11.35
Real estate	578,325	13,430	9.32	569,621	14,444	10.18
Lease financing	55,375	1,422	10.33	42,493	1,229	11.60
Total earning assets	2,290,314	45,559	8.31	2,274,075	53,441	9.70
NONEARNING ASSETS						
Cash and due from banks	96,333			95,276		
Bank premises and equipment	49,792			51,597		
Other nonearning assets	50,148			49,553		
Allowance for loan losses	(19,569)			(19,668)		
Total assets	$ 2,467,018			$ 2,450,833		
INTEREST-BEARING LIABILITIES						
Demand deposits	$ 216,832	1,604	2.98	$ 182,384	2,039	4.48
Savings deposits	764,972	6,616	3.48	706,612	8,730	4.96
Time deposits	794,163	10,821	5.48	875,812	15,121	6.93
Repurchase agreements and other short-term borrowings	135,309	1,362	4.05	137,162	1,952	5.71
Long-term debt	16,388	258	6.33	28,175	666	9.48
Total interest-bearing liabilities	1,927,664	20,661	4.31	1,930,145	28,508	5.92
NONINTEREST-BEARING LIABILITIES AND SHAREHOLDERS' EQUITY						
Demand deposits	290,453			277,648		
Other liabilities	26,928			33,542		
Shareholders' equity	221,973			209,498		
Total liabilities and shareholders' equity	$ 2,467,018			$ 2,450,833		
NET INTEREST INCOME		$ 24,898			$ 24,933	
NET INTEREST INCOME AS A PERCENT OF EARNING ASSETS			4.68 %			4.67 %

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(1) Interest income shown on actual basis and does not include taxable equivalent adjustments.

(2) Average rates are presented on an annual basis and include taxable equivalent adjustments to interest income of $1,899,000 and $1,590,000 for the three months ended June 30, 1992 and 1991, respectively, based on a tax rate of 34%.

Provision and Allowance for Loan Losses

The provision for loan losses was $1,576,000 during the quarter ended June 30, 1992 compared with $1,369,000 during the same period of 1991, an increase of 15.1%. This increase reflects management's desire to maintain a strong allowance for loan losses. The allowance for loan losses as a percentage of total loans outstanding was 1.27% as of June 30, 1992, compared with 1.29% as of December 31, 1991 and 1.25% as of June 30, 1991. The table below provides a summary of loan loss experience during the three-month periods ended June 30, 1992 and 1991.

ANALYSIS OF ALLOWANCE FOR LOAN LOSSES

(In Thousands)	Three Months Ended June 30, 1992	1991
Allowance for loan losses - beginning of period	$ 19,534	$ 19,541
Charge-offs	2,102	1,975
Recoveries	504	473
Net charge-offs	1,598	1,502
Provision for loan losses	1,576	1,369
Allowance for loan losses - end of period	$ 19,512	$ 19,408
Average loans outstanding during period	$1,525,170	$1,560,569
Ratio of net charge-offs during period to average loans outstanding (annualized)	.42%	.39%
Loan loss coverage (allowance as a multiple of net charge-offs, annualized)	3.0x	3.2x

Noninterest Income

Exclusive of gains on sales of securities, noninterest income accounted for 12.7% of total income during the second quarter of 1992 compared with 11.1% during the same period of 1991. The table below summarizes changes in noninterest income from the second quarter of 1991 to the same period of 1992.

NONINTEREST INCOME (In Thousands)	Three Months Ended June 30, 1992	1991	Changes in 1992 Amount	Percent
Trust fees	$ 2,146	$ 1,985	$ 161	8.1 %
Service charges on deposit accounts	1,796	1,759	37	2.1
Bankcard fees	901	916	(15)	(1.6)
Brokerage fees	375	233	142	60.9
Other loan income	147	209	(62)	(29.7)
ATM network user fees	249	219	30	13.7
Cash management services	237	213	24	11.3
Safe deposit rentals	189	176	13	7.4
Investment securities transactions	1	17	(16)	*
Other, net	561	934	(373)	(39.9)
Total	$ 6,602	$ 6,661	$ (59)	(0.9)%

* Not meaningful.

Higher business volumes resulted in increased brokerage fees. ATM network user fees increased as the result of higher transaction volumes and improved pricing strategies. Other loan income decreased primarily as the result of net losses on the sale of mortgages of $120,000 during the second quarter of 1992 compared with net gains of $6,000 during the corresponding period of 1991. This loss was partially offset by an increase in mortgaging servicing income in 1992.

Noninterest Expenses

Significant changes in noninterest expenses during the three months ended June 30, 1992 compared with the corresponding period of 1991 are summarized in the table below. As shown, higher salaries and employee benefits, consulting fees and FDIC insurance costs were more than offset by decreases in equipment, occupancy, stationery and supplies and other expenses.

NONINTEREST EXPENSES	Three Months Ended June 30,		Changes in 1992	
(In Thousands)	1992	1991	Amount	Percent
Salaries and employee benefits	$ 13,260	$ 13,019	$ 241	1.9 %
Equipment	1,921	2,048	(127)	(6.2)
Occupancy	1,630	1,703	(73)	(4.3)
FDIC insurance premiums	1,145	970	175	18.0
Stationery and supplies	517	647	(130)	(20.1)
Postage and delivery	575	586	(11)	(1.9)
Taxes other than income taxes	489	473	16	3.4
Advertising and public relations	520	550	(30)	(5.5)
Consulting and other professional fees	407	214	193	90.2
Legal, audit and examination fees	365	394	(29)	(7.4)
Bankcard processing	430	428	2	0.5
Other loan fees	347	381	(34)	(8.9)
Other, net	1,903	2,213	(310)	(14.0)
Total	$ 23,509	$ 23,626	$ (117)	(0.5)%

BALANCE SHEET

The Corporation had total assets of $2,501,304,000 as of June 30, 1992, an increase of $8,720,000 or 0.3% from $2,492,584,000 as of December 31, 1991. Total earning assets amounted to $2,307,837,000 as of June 30, 1992, compared with $2,288,088,000 as of December 31, 1991, an increase $19,749,000 or 0.9%. Average earning assets comprised 92.8% of average total assets during the second quarter of 1992, which is similar to historical levels.

Investment Securities and Money Market Investments

Total average investments, including money market investments, comprised 33.1% of average earning assets during the first half of 1992, which is similar to levels of recent experience. Average money market investment balances declined to 6.0% of total average earning assets during the first half of 1992 from 7.3% during the corresponding period of 1991. This decrease was attributable to the reinvestment of short-term assets into nontaxable and other investment securities. Proceeds from the normal maturity of some U.S. Treasury, collateralized mortgage obligation and municipal securities were reinvested in nontaxable securities and additional U.S. Treasury securities during the first half of 1992. Most of the securities purchased mature within two years. As of June 30, 1992, the estimated aggregate market value of the Corporation's investment securities portfolio was $601,414,000 or $11,204,000 above book value.

Loans and Leases

The Corporation extends credit primarily within the local markets of its six banking subsidiaries; five located in Michigan and one in Illinois. The loan portfolio is widely diversified by borrowers and industry groups with no significant concentrations in any industry. Weakness in the Corporation's local markets resulted in reduced commercial activity and in lower automobile sales, which adversely impacted average commercial and consumer loan balances. The relatively low market interest rate environment spurred increased demand for mortgage loans. Growth in loan demand in the Corporation's local markets will be somewhat a function of the length and severity of the current economic downturn.

Underperforming Assets

Underperforming assets consist of nonaccrual loans, loans that have been restructured, loans 90 days past due and still accruing and other real estate owned (including in-substance foreclosures). In-substance foreclosures generally occur when the market value of the underlying collateral is less than the legal obligation of the borrower and repayment of the loan is expected to come from the disposition or operation of the collateral. The table below provides a summary of underperforming assets as of June 30, 1992, December 31, 1991 and June 30, 1991.

UNDERPERFORMING ASSETS

(In Thousands)	June 30, 1992	December 31, 1991	June 30, 1991
NONPERFORMING LOANS[1]			
Nonaccrual			
Less than 30 days past due	$ 2,417	$ 1,696	$ 1,245
From 30 to 89 days past due	1,503	2,168	878
90 or more days past due	15,117	16,544	20,340
Total	19,037	20,408	22,463
Restructured	344	547	271
Total nonperforming loans	19,381	20,955	22,734
OTHER REAL ESTATE OWNED ("OREO")			
Assets owned	5,490	4,214	3,815
Assets in-substance foreclosed	1,370	4,302	--
Total	6,860	8,516	3,815
Total nonperforming assets	26,241	29,471	26,549
LOANS 90 DAYS PAST DUE (still accruing)	575	1,196	1,441
Total underperforming assets	$26,816	$30,667	$27,990
Nonperforming loans as a percent of total loans	1.26%	1.37%	1.47%
Nonperforming assets as a percent of total loans plus OREO	1.71	1.91	1.71

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[1] Nonperforming loans include loans on which interest is being recognized only upon receipt (nonaccrual) and those on which interest has been renegotiated to lower than market rates because of the financial condition of the borrowers (restructured).

Total underperforming assets amounted to $26,816,000 as of June 30, 1992, compared with $30,667,000 as of December 31, 1991 and $27,990,000 as of June 30, 1991. The net decrease of $3,851,000 or 12.6% since December 31, 1991 was the result of reductions of $1,574,000 in nonperforming loans, $1,656,000 in other real estate owned and $621,000 in loans 90 days past due but still accruing interest. A significant portion of the reduction in other real estate owned was the result of the sale of assets, pertaining to a loan to a single borrower, which had been classified as in-substance foreclosure items.

The Corporation maintains policies and procedures to identify and monitor nonaccrual loans. Loans are placed on nonaccrual status when there are doubts regarding collection of principal or interest, or when principal or interest is past due 90 days or more and the loan is not well secured and in the process of collection. Interest accrued but not collected is reversed and charged against income when the loan is placed on nonaccrual status.

Employment levels and other economic conditions in the Corporation's local markets can impact the level and composition of underperforming assets. In addition to nonperforming loans, management identifies and closely monitors other credits that are current in terms of principal and interest payments but, in management's opinion, may deteriorate in quality if economic conditions change. As of June 30, 1992 such credits amounted to $14,804,000 or 0.97% of total loans, compared with $17,717,000 or 1.16% at December 31, 1991 and $18,100,000 or 1.17% as of June 30, 1991.

Deposits

The Corporation gathers deposits primarily in its local markets and has not historically relied on brokered funds to sustain liquidity. During the first half of 1992, the Corporation experienced growth in all categories of deposits except time deposits, reflecting changing customer liquidity preferences in light of the lower interest rate environment. Management seeks to maintain core deposit stability by offering customers a wide range of deposit products at competitive rates.

Short-Term Borrowings and Long-Term Debt

On average, total short-term borrowings declined to $135,995,000 during the first half of 1992 from $143,224,000 during the same period of 1991. Pricing strategies designed to encourage customers to shift from securities sold under agreements to repurchase to large denomination certificates of deposit accounted for some of this decrease.

The Corporation retired $3,772,000 of 10% unsecured promissory notes on January 15, 1992 and $3,500,000 of 10.05% long-term bank debt on March 15, 1992. During the first half of 1991, the Corporation retired $12,000,000 of long-term debt which had been borrowed under a revolving credit agreement. As a result, average long-term debt balances decreased to $18,157,000 during the first half of 1992 from $32,815,000 during the same period of 1991.

CAPITAL RESOURCES

Regulatory Capital Requirements

Total shareholders' equity was $224,549,000 or $34.32 per share as of June 30, 1992, compared with $218,183,000 or $33.36 per share as of December 31, 1991 and $211,569,000 or $32.40 per share as of June 30, 1991. Under the revised rules for determining regulatory capital adequacy, the components of equity included in regulatory capital must be classified as either Tier I ("Core") or Tier II ("Supplementary") capital. These rules also require the inclusion of certain off-balance sheet commitments in the computation of risk-adjusted assets. The regulations call for minimum Tier I capital (primarily common equity less goodwill) of 4.0% and Total capital (primarily Tier I capital plus the allowance for loan losses subject to certain limitations) of 8.0% of risk-adjusted assets by year-end 1992. As summarized in the table below, the Corporation's risk based capital levels, computed under the more stringent year-end 1992 rules, were well in excess of minimum requirements.

	Minimum Requirement for year-end 1992	June 30, 1992	December 31, 1991	June 30, 1991
Risk based capital ratios (Year-end 1992 rules):				
Tier I	4.0%	13.4%	13.1%	12.3%
Total capital	8.0	14.6	14.4	13.4
Tier I leverage ratio	3.0	8.8	8.5	8.3

Common and Preferred Stock

Under the provisions of the Stock Repurchase Program originally approved by the Corporation's board of directors in 1987, management is authorized to purchase up to 600,000 shares of the Corporation's common stock in the open market. During the second quarter of 1992, 18,794 shares were purchased under this program at an average price of $34.55 per share. As of June 30, 1992, a total of 381,719 shares have been purchased at an average price per share of $20.53.

At the annual meeting of shareholders on April 21, 1992, the shareholders approved a proposal to increase: 1) the number of authorized shares of common stock of the Corporation from 12,000,000 shares with a par value of $10.00 per share to 20,000,000 shares with no par value; and 2) the number of authorized shares of preferred stock of the Corporation from 3,000,000 shares with no par value to 5,000,000 shares with no par value. These increases in the number of shares of authorized common and preferred stock will ensure that a sufficient number of shares will be available for issuance if needed in connection with possible future transactions approved by the board of directors including, among others, stock splits, stock dividends, acquisitions or other Corporate purposes. The Corporation does not have any immediate plans, agreements, arrangements, commitments or understandings with respect to issuance of any of the newly authorized common or preferred shares.

A proposal to amend and restate the First Amended Stock Option Plan (the "Plan") was also approved at the annual meeting of shareholders on April 21, 1992. The Plan, which among other things increased the number of securities which can be issued thereunder, is intended to continue the purpose of the First Amended Stock Option Plan which is to attract and motivate highly qualified key employees to achieve the long-term objectives of the Corporation. It is expected that approximately 30 key employees of the Corporation and its subsidiaries will be initially eligible to participate in the Plan.

LIQUIDITY AND DEBT CAPACITY

The level of liquid assets available to meet ongoing funding needs and to capitalize on opportunities for business expansion is closely monitored by management. It is management's intent to maintain adequate liquidity so that sufficient funds are readily available at a reasonable cost. Various techniques are used by the Corporation to measure liquidity, including ratio analysis. Some ratios monitored by the Corporation include: average loans to deposits; total liquid assets (including cash, U.S. Treasury securities and short-term investments) to total deposits; and, total long-term debt to equity. These ratios are summarized in the table below.

	June 30, 1992	December 31, 1991	June 30, 1991
Quarterly average:			
Loans to deposits	73.8%	74.4%	76.4%
Liquid assets to deposits	24.6	22.7	24.3
Total long-term debt to equity	7.2	9.4	13.1

INTEREST RATE RISK

Interest rate risk generally arises when the maturity or repricing structure of the Corporation's assets and liabilities differs significantly. Asset/liability management, which among other things addresses such risk, is the process of developing, testing and implementing strategies that seek to maximize net interest income, maintain liquidity and minimize exposure to significant changes in interest rates. This process includes monitoring the contractual and anticipated repricing of assets and liabilities as well as simulating net interest income under a variety of economic assumptions and balance sheet configurations. Generally, management seeks a structure that insulates net interest income and capital from large swings caused by changes in interest rates. The Corporation's static interest rate sensitivity ("GAP") as of June 30, 1992 is illustrated in the table on page 23. As shown, the Corporation had asset sensitivity (more rate sensitive assets than rate sensitive liabilities) of $321,000,000 within the one year time frame as of June 30, 1992. This position indicates that the Corporation may earn higher net interest income during the next twelve months if market interest rates rise. Traditional GAP analysis does not incorporate adjustments for the magnitude or timing of non-contractual repricing. Because of these and the other inherent limitations of GAP analysis, management also uses simulation modeling to evaluate the impact of changes in interest rates and balance sheet configurations. Such simulations can be used to develop strategies which can limit interest rate risk and provide adequate liquidity.

INTEREST RATE SENSITIVITY

(In Millions)	Rate Sensitive Assets	Rate Sensitive Liabilities	Period Gap	Ratio of Rate Sensitive Assets to Liabilities
June 30, 1992				
Repricing or maturing:				
Within 30 days	$ 794	$ 600	$ 194	1.32x
31-90 Days	181	145	36	1.25
91-180 Days	178	157	21	1.13
181-365 Days	236	166	70	1.42
Total within 1 year	1,389	1,068	321	1.30
1-5 Years	617	186	431	3.32
Over 5 years	302	691[1]	(389)	.44
Total	$2,308	$1,945	$ 363	1.19
March 31, 1992 Total within 1 year	$1,336	$1,113	$ 223	1.20x
December 31, 1991 Total within 1 year	1,412	1,131	281	1.25
June 30, 1991 Total within 1 year	1,361	1,157	204	1.18

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[1] Includes savings deposits of $674 million with no contractual repricing schedule. These deposit totals have generally not fluctuated in response to changes in market rates of other deposit alternatives.

PART II - OTHER INFORMATION

Item 2 - Changes in Securities

On April 21, 1992, the shareholders of the Corporation approved an amendment to Article III of the Corporation's Amended and Restated Articles of Incorporation to increase the number of authorized shares of the Corporation's common and preferred stock and to change its common stock from $10.00 par value to no par value. Additionally, the shareholders approved an amendment to the Corporation's First Amended Stock Option Plan which, among other things, increased the number of securities which can be issued thereunder. Each of these changes is further discussed in Part II, Item 4 of this report.

Item 4 - Submission of Matters to a Vote of Security Holders

Proxies were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934 to be voted at the annual meeting of shareholders of the Corporation held on April 21, 1992. There was no solicitation in opposition to management's nominees for directors as set forth in the Corporation's Proxy Statement dated March 20, 1992 and all such nominees were elected. In addition, the shareholders approved by a vote of 5,243,353 for, 258,431 against and 80,930 abstentions a proposal to increase the number of authorized shares of common stock of the Corporation from 12,000,000 shares with a par value of $10.00 per share to 20,000,000 shares with no par value and to increase the number of authorized shares of preferred stock of the Corporation from 3,000,000 shares with no par value to 5,000,000 shares with no par value. The shareholders also approved by a vote of 5,177,229 for, 294,095 against and 126,108 abstentions a proposal to amend and restate the Corporation's First Amended Stock Option Plan as the Second Amended Stock Option Plan which among other things increased the number of securities which can be issued thereunder. Additional information on the proposals is set forth in the Corporation's Proxy Statement dated March 20, 1992.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibit
   3(a) Amendment to Article III of the Corporation's Restated Articles of Incorporation, filed June 3, 1992.

(b) No reports on Form 8-K were filed or were required to be filed during the quarter ended June 30, 1992.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CITIZENS BANKING CORPORATION

Date August 4, 1992 By /S/ WAYNE G. SCHAEFFER
Wayne G. Schaeffer
Senior Vice President, Treasurer and
Chief Financial Officer
(Principal Financial and Accounting Officer)
(Duly Authorized Signatory)

924EH5099 0501 ORG&FI $9000.00

Exhibit 3(a)

924EH5099 0501 ORG&FI $6010.00

C&S 515 (Rev. 2/90)

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

Date Received
MAY 1 1992

(FOR BUREAU USE ONLY)

FILED

JUN 03 1992

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

Name
Thomas W. Gallagher
Citizens Banking Corporation

Address
One Citizens Banking Center

City Flint State MI ZIP Code 48502

EFFECTIVE DATE:

DOCUMENT WILL BE RETURNED TO NAME AND ADDRESS INDICATED ABOVE

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Corporations

(Please read information and instructions on last page)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is: CITIZENS BANKING CORPORATION
2. The corporation identification number (CID) assigned by the Bureau is: 0 3 1 — 2 0 8
3. The location of its registered office is:

One Citizens Banking Center (Street Address) Flint (City), Michigan 48502 (ZIP Code)

4. Article III of the Articles of Incorporation is hereby amended to read as follows:

The total authorized capital stock is:

Common shares 20,000,000 No Par Value

Preferred shares 5,000,000 No Par Value

iK

5. COMPLETE SECTION (a) IF THE AMENDMENT WAS ADOPTED BY THE UNANIMOUS CONSENT OF THE INCORPORATOR(S) BEFORE THE FIRST MEETING OF THE BOARD OF DIRECTORS OR TRUSTEES; OTHERWISE, COMPLETE SECTION (b)

a. ☐ The foregoing amendment to the Articles of Incorporation was duly adopted on the ______ day of ______, 19___, in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the board of directors or trustees.

Signed this ______ day of ______, 19___.

______ (Signature)	______ (Signature)
______ (Type or Print Name)	______ (Type or Print Name)
______ (Signature)	______ (Signature)
______ (Type or Print Name)	______ (Type or Print Name)

b. ☐ The foregoing amendment to the Articles of Incorporation was duly adopted on the 21st day of April, 19 92. The amendment: (check one of the following)

☒ was duly adopted in accordance with Section 611(2) of the Act by the vote of the shareholders if a profit corporation, or by the vote of the shareholders or members if a nonprofit corporation, or by the vote of the directors if a nonprofit corporation organized on a nonstock directorship basis. The necessary votes were cast in favor of the amendment.

☐ was duly adopted by the written consent of all the directors pursuant to Section 525 of the Act and the corporation is a nonprofit corporation organized on a nonstock directorship basis.

☐ was duly adopted by the written consent of the shareholders or members having not less than the minimum number of votes required by statute in accordance with Section 407 (1) and (2) of the Act if a nonprofit corporation, and Section 407 (1) of the Act if a profit corporation. Written notice to shareholders or member who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders or members is permitted only if such provision appears in the Articles of Incorporation.)

☐ was duly adopted by the written consent of all the shareholders or members entitled to vote in accordance with Section 407 (3) of the Act if a non-profit corporation, and Section 407 (2) of the Act if a profit corporation.

Signed this 28th day of April, 19 92

By Thomas W. Gallagher
(Only signature of: President, Vice-President, Chairperson and Vice-Chairperson)

Thomas W. Gallagher
Vice President, General Counsel & Secretary
(Type or Print Name) (Type or Print Title)

C&S 515

Name of person or organization
remitting fees:

CITIZENS BANKING CORPORATION

Preparer's name and business
telephone number:

THOMAS W. GALLAGHER

(313) 766-7788

INFORMATION AND INSTRUCTIONS

1. The amendment cannot be filed until this form, or a comparable document, is submitted.
2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box on the front as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.
3. This document is to be used pursuant to the provisions of section 631 of the Act for the purpose of amending the articles of incorporation of a domestic profit or nonprofit corporation. Do not use this form for restated articles. A nonprofit corporation is one incorporated to carry out any lawful purpose or purposes not involving pecuniary profit or gain for its directors, officers, shareholders, or members. A nonprofit corporation formed on a nonstock directorship basis, as authorized by Section 302 of the Act, may or may not have members, but if it has members, the members are not entitled to vote.
4. Item 2—Enter the identification number previously assigned by the Bureau. If this number is unknown, leave it blank.
5. Item 4—The article being amended must be set forth in its entirety. However, if the article being amended is divided into separately identifiable sections, only the sections being amended need be included.
6. This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated.
7. If the amendment is adopted before the first meeting of the board of directors, item 5(a) must be completed and signed in ink by a majority of the incorporators if more than one listed in Article V of the Articles of Incorporation if a profit corporation, and all the incorporators if a non-profit corporation. If the amendment is otherwise adopted, item 5(b) must be completed and signed in ink by the president, vice-president, chairperson or vice-chairperson of the corporation.
8. **NON-REFUNDABLE FEE:** $10.00
   (Make remittance payable to the State of Michigan. Include corporation name and CID Number on check or money order)
   Franchise fee for profit corporations (payable only if authorized shares have increased): each additional 20,000 authorized shares or portion thereof $30.00
9. Mail form and fee to:

   Michigan Department of Commerce
   Corporation and Securities Bureau
   Corporation Division
   P.O. Box 30054
   6546 Mercantile Way
   Lansing, MI 48909
   Telephone: (517) 334-6302

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Corporation
St. Petersburg, FL

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

HG2.2242

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number 0-14656

Repligen Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	04-2729386 (I.R.S. Employer Identification No.)

One Kendall Square
Cambridge, Massachusetts 02139
(Address of principal executive offices, including zip code)

(617) 225-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, par value $.01 per share	12,038,418 shares
Class	Outstanding at July 22, 1992

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REPLIGEN CORPORATION

CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 1992 (unaudited)	March 31, 1992
Current assets:		
Cash and cash equivalents	$30,263,212	$31,355,394
Interest receivable	169,858	211,016
Accounts receivable	1,922,562	1,248,581
Amounts due from affiliates	4,158,607	2,592,759
Inventories	409,496	412,549
Prepaid expenses	1,248,413	1,618,542
Total current assets	38,172,148	37,438,841
Property, plant and equipment, at cost:		
Equipment	10,576,290	4,879,444
Leasehold improvements	3,618,194	3,255,363
Furniture and fixtures	541,195	390,095
	14,735,679	8,524,902
Less accumulated depreciation and amortization	5,228,318	4,766,467
	9,507,361	3,758,435
Investment securities	6,403,286	7,329,384
Note receivable from affiliate	4,620,000	4,620,000
Intangible assets, net of $15,000 amortization	585,000	--
Other assets, net	296,202	916,425
Receivables from officers	25,000	128,000
	$59,608,997	$54,191,085

See accompanying notes to consolidated financial statements.

REPLIGEN CORPORATION
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 1992 (unaudited)	March 31, 1992
Current liabilities:		
Accounts payable	$ 732,907	$ 526,835
Accrued expenses and other	2,415,972	2,726,922
Unearned income	991,667	--
Total current liabilities	4,140,546	3,253,757
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value -- authorized -- 5,000,000 shares -- outstanding -- none	--	--
Common stock, $.01 par value -- authorized -- 30,000,000 shares -- outstanding -- 12,036,218 and 11,751,277 shares at June 30,1992 and March 31, 1992, respectively	120,362	117,513
Additional paid-in capital	103,712,044	99,565,199
Accumulated deficit	(48,363,955)	(48,745,384)
Total stockholders' equity	55,468,451	50,937,328
	$59,608,997	$54,191,085

See accompanying notes to consolidated financial statements.

REPLIGEN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,	
	1992	1991
	(unaudited)	
Revenues:		
Research and development	$7,671,226	$ 1,413,315
Product	425,360	591,897
Investment income	593,839	662,534
Other	180,672	43,361
	8,871,097	2,711,107
Costs and expenses:		
Research and development	6,787,449	2,980,387
Selling, general and administrative	1,473,606	780,236
Cost of goods sold	228,613	326,141
	8,489,668	4,086,764
Net income (loss)	$381,429	$(1,375,657)
Net income (loss) per common and common equivalent share	$ .03	$ (.13)
Weighted average common and common equivalent shares outstanding	12,158,871	10,256,193

See accompanying notes to consolidated financial statements.

REPLIGEN CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common Stock		Additional	
	Number of Shares	Par Value	Paid-In Capital	Accumulated Deficit
Balance, March 31, 1992	11,751,277	$117,513	$99,565,199	$(48,745,384)
Net income	--	--	--	381,429
Exercise of stock options	1,655	16	6,243	--
Sale of common stock	283,286	2,833	3,997,167	--
Issuance of warrants in connection with Repligen Clinical Partners, L.P.	--	--	143,435	--
Balance, June 30, 1992	12,036,218	$120,362	$103,712,044	$(48,363,955)

See accompanying notes to consolidated financial statements.

REPLIGEN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30,	
	1992	1991
	(unaudited)	
Cash flows from operating activities:		
Net income (loss)	$381,429	($1,375,657)
Adjustments to reconcile net income (loss) to net cash used in operating activities -		
Depreciation and amortization	476,851	226,215
Equity in earnings of joint venture	(15,277)	(12,801)
Changes in assets and liabilities -		
Interest receivable	41,158	(174,974)
Accounts receivable	(673,981)	39,478
Amounts due from affiliates	(1,565,848)	--
Unbilled costs and fees	--	1,137,049
Inventories	3,053	(31,362)
Prepaid expenses	370,129	22,824
Accounts payable	206,072	(375,027)
Accrued expenses and other	(310,950)	(12,917)
Unearned income	991,667	(100,000)
Net cash used in operating activities	(95,697)	(657,172)
Cash flows from investing activites:		
Decrease in investment securities, net	926,098	47,856
Purchase of Abbot Biotech, Inc. assets -		
Property, plant and equipment	(5,455,346)	--
Intangible assets	(600,000)	--
Purchases of property, plant and equipment, net	(755,431)	(205,422)
Decrease in other assets	635,500	--
Decrease in receivables from officers	103,000	--
Net cash used in investing activities	(5,146,179)	(157,566)
Cash flows from financing activities:		
Proceeds from sales of common stock and issuance of warrants, net of issuance costs and commissions	4,149,694	23,480,717
Net cash provided by financing activities	4,149,694	23,480,717
Net increase (decrease) in cash and cash equivalents	(1,092,182)	22,665,979
Cash and cash equivalents, beginning of period	31,355,394	22,563,162
Cash and cash equivalents, end of period	$30,263,212	$45,229,141

See accompanying notes to consolidated financial statements.

REPLIGEN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The Company believes, however, that the disclosures made are adequate to ensure that the information presented is not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest audited financial statements, which are contained in the Company's 1992 Annual Report to Stockholders, filed with the Securities and Exchange Commission.

This financial information includes all adjustments (consisting of normal, recurring adjustments) which the Company considers necessary for a fair presentation of such information. The results of operations for the interim periods presented are not necessarily indicative of results for the entire year.

2. Net Income (Loss) Per Common and Common Equivalent Share

Primary net income (loss) per common and common equivalent share has been computed by dividing net income (loss) by the weighted average number of common and common equivalent shares outstanding during the period. Common stock equivalents have not been included for any loss period as the amounts would be antidilutive. Fully diluted net income (loss) per common and common equivalent share has not been presented for any period as the amounts would not differ from primary net income (loss) per common and common equivalent share.

3. Cash Equivalents and Investment Securities

Cash equivalents are short-term, highly liquid investments with original maturities of less than three months. Investment securities are carried at cost, which approximates market, and have maturities of greater than one year at the balance sheet date.

Investment securities at June 30, 1992 consisted of collateralized mortgage obligations.

4. Inventories

Inventories, stated at the lower of cost (first-in, first-out) or market, include materials, labor and overhead and consisted of the following:

	June 30, 1992
Raw materials	$ 10,000
Work in process	181,507
Finished goods	217,989
	$409,496

5. Acquisition of Certain Assets from Abbott Biotech, Inc.

On May 14, 1992, the Company acquired substantially all of the fixed assets of a cell culture and purification facility in Needham Heights, Massachusetts from Abbott Biotech, Inc. (Abbott Biotech), a wholly owned subsidiary of Abbott Laboratories. The total purchase price of approximately $6,000,000 consisted of $5,800,000 in cash, and acquisition costs of approximately $200,000, in exchange for the fixed assets, along with certain technology and intangible assets owned by Abbott Biotech.

In conjunction with this transaction, the Company entered into a ten-year lease agreement for the facility, which previously had been leased by Abbott Biotech. The agreement requires minimum annual lease payments of approximately $600,000.

Results reflecting the acquisition of certain assets of Abbott Biotech are included in the consolidated financial statements of the Company subsequent to May 14, 1992. Results of operations subsequent to November 18, 1991 include the activities of Amira, Inc. Unaudited pro forma operating results of the Company, assuming the acquisitions of Amira, Inc. and certain assets of Abbott Biotech had been made as of April 1, 1992 and 1991, respectively, are enumerated below.

In thousands except for per share amounts

	Three Months Ended June 30,	
	1992	1991
Pro forma revenues	$8,866	$4,167
Pro forma net income (loss)	$ 2	$(1,600)
Pro forma net income (loss) per common share	$ --	$(.15)

REPLIGEN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

6. Eli Lilly and Company Agreement

On May 15, 1992, the Company entered into a Research, Collaboration and License Agreement with Eli Lilly and Company (Lilly), whereby the Company granted Lilly an exclusive license to manufacture, use, and sell products utilizing antibodies, antibody fragments and engineered polypeptides that bind to CD11b. Under the terms of the agreement, Lilly paid the Company $3,250,000 for past research and development and $500,000 for the grant of the license, both of which are included in research and development revenues. In addition, Lilly will pay the Company additional amounts for research and development pertaining to CD11b performed by the Company through February 1995. If the Company attains certain milestones, Lilly is obligated to make additional payments to the Company. The Company will also receive royalties from Lilly based on sales of any products developed under the agreement. In conjunction with this agreement, Lilly also paid the Company $4,000,000 for the purchase of 283,286 shares of the Company's common stock.

7. Repligen Clinical Partners, L.P.

The Company recognized research and development revenue of approximately $1,148,000 and an administrative fee of approximately $129,000 from Repligen Clinical Partners, L.P. in the first quarter of fiscal 1993 related to research performed by the Company under a Product Development Agreement.

REPLIGEN CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Total revenues for the three months ended June 30, 1992 were $8,871,000, an increase of 227% over total revenues for the three months ended June 30, 1991. This increase resulted primarily from research and development revenues of $4,883,000 associated with the Lilly Research, Collaboration and License Agreement and product development funding of $1,148,000 from Repligen Clinical Partners, L.P. Other research and development revenues increased 16% over the comparable fiscal 1992 period. The increase in research and development revenues was partially offset by lower product revenues and decreased investment income due to lower average funds available for investment and lower interest rates.

Total expenses for the three months ended June 30, 1992 were $8,490,000, an increase of 108% from the three months ended June 30, 1991. Research and development expenses increased by 128% in the fiscal 1993 quarter from the fiscal 1992 quarter reflecting increased research and development activity, and higher consulting and licensing expenses. The Company has substantially increased its research and development headcount comparable fiscal 1992 levels which reflects the Company's commitment to the research and development agreements with Lilly and Repligen Clinical Partners, L.P. and the acquisition of Amira and Abbott Biotech. Selling, general and administrative expenses for the fiscal 1993 quarter increased by 89% from the fiscal 1992 quarter primarily due to increases in administrative personnel, higher consulting expenses and the recovery of certain previously reserved items in the fiscal 1992 quarter.

The Company's revenue and net income for the three months ended June 30, 1992 is not representative of performance expected for the year due to an upfront and non-recurring payment from Lilly of $3,750,000 which has been reflected in research and development revenues.

Capital Resources and Liquidity

The Company's total cash and cash equivalents and investment securities decreased to $36,666,000 at June 30, 1992 from $38,685,000 at March 31, 1992 primarily due to the acquisition of certain assets of Abbott Biotech, Inc. for approximately $6,000,000 offset by the sale of common stock to Lilly for $4,000,000.

The Company has funded operations with cash derived from sales of its equity securities, research and development contracts, investment income and product sales. In May 1992, the Company issued 283,286 shares of Common Stock in an agreement with Eli Lilly and Company which resulted in proceeds to the Company of $4,000,000. The Company has available a $4,000,000 unsecured demand line of credit with The First National Bank of Boston which was unused at June 30, 1992. This line of credit expires in June 1993 and the Company anticipates renewal. The applicable interest rate on such line of credit, if used, is the bank's Base Rate.

REPLIGEN CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Although the Company's working capital and capital requirements may change, management believes that its existing resources will be adequate to satisfy its currently anticipated working capital and capital needs. For at least the next five years, Repligen intends to apply a substantial portion of its revenues and capital to research and development, to scale up existing production capabilities and to develop additional research and manufacturing facilities. Consequently, during such period capital expenditures and working capital requirements are expected to substantially exceed cash generated from the Company's operations. Accordingly, in order to meet its capital requirements, the Company will need to arrange additional funding and will consider collaborative arrangements, additional public or private financings, including the issuance of additional equity securities, and off-balance sheet financings to fund particular research, development and clinical testing. There can be no assurance that such funds will be available on a favorable basis, if at all.

General inflationary trends have not had a material effect on the cost of operations and are not expected to materially affect future operations.

PART II. OTHER INFORMATION

Item 1 Not applicable

Item 2 Not applicable

Item 3 Not applicable

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Annual Meeting of Stockholders of the Company was held on July 22, 1992.

(b) The following Directors were elected at the meeting:

1. Alexander Rich, M.D.
2. Paul Schimmel, Ph.D.
3. Sandford D. Smith
4. Boruch B. Frusztajer
5. G. William Miller
6. Alfred M. Zeien

(c) The 1992 Repligen Corporation Stock Option Plan was approved. There were 3,747,691 affirmative votes and 630,956 negative votes cast regarding this proposal.

Item 5. Not applicable.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) None

(b) A report on Form 8-K relating to the acquisition of certain assets of Abbott Biotech, Inc. dated May 14, 1992 was filed on May 29, 1992. It was impracticable to file financial statements related to this transaction at that time and consequently such financial statements were filed under cover of Form 8 on July 28, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REPLIGEN CORPORATION
(Registrant)

Date: August 7, 1992

By: /S/Sandford D. Smith
Sandford D. Smith
President and
Chief Executive Officer

By: /S/Ramesh L. Ratan
Ramesh L. Ratan
Senior Vice President of Administration
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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(Mark One)

[X]QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31,1992 L 30

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission file number 2-84579 0-12955

Information Science Incorporated
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

13-2532601
(I.R.S. Employer Identification No.)

166 Fairview Avenue, Suite D, Westwood, NJ 07675
(Address of principal executive offices)
(Zip Code)

201-358-6668
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

The number of shares outstanding of the registrant's Common Stock was 11,516,371 as of December 30, 1991. The number of shares outstanding of the registrant's Class B Common Stock was 6,071,294 at December 30, 1991.

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

INFORMATION SCIENCE INCORPORATED
CONSOLIDATED BALANCE SHEET
January 31, 1992
(unaudited)

Note: As of December 31, 1991, the net assets of the Company, amounting to approximately $6,700,000, were transferred to the InSci Lquidating Trust, and the Trust assumed all remaining liabilities of the Company. Therefore, the Company had no assets, liabilities or shareholders' equity as of January 31, 1992. See Part II,Item 5, Status of Liquidation of the Company.

INFORMATION SCIENCE INCORPORATED AND SUBSIDIARIES
JANUARY 31, 1992

PART II - OTHER INFORMATION

Item 5. Other Information.

Status of Liquidation of the Company.

On August 14, 1991 at its Annual Meeting of Shareholders (the "Shareholder's Meeting"), the shareholders approved the sale of substantially all of the assets of the Company and its wholly owned subsidiary Essential Solutions Incorporated ("Essential") to Computer Associates International, Inc. ("CA") for $8,215,000. The shareholders also approved a plan of complete liquidation and dissolution of the Company and Essential (the "Plan").

On August 15, 1991 (the "Closing Date"), the Company completed the sale of substantially all of its assets to CA. On the Closing Date, the Company and Essential ceased to do business as going concerns and began the process of liquidation and dissolution in accordance with the Plan.

From August 15, 1991 to December 31, 1991, the Company marshalled its remaining assets and converted most of them to cash, investing the proceeds of the sale of assets to CA released to the Company on the Closing Date, paid known debts and other obligations of the Company and Essential, and monitoring the investment of the remaining $2,000,000 of the proceeds from the sale to CA which was placed in escrow on the Closing Date, and released to the Company, with accumulated interest, on December 18, 1991 (except for a small amount of interest earned from 11/29/91 to 12/18/91 which was released shortly thereafter).

During the period December 23, 1991 to December 31, 1991, the Company removed itself from listing on the NASDAQ/NMS, and closed its stock transfer books with instructions to its transfer agent to cease recording stock transfers and issuing stock certificates.

On December 31, 1991, pursuant to the terms of the Plan, the Company transferred its net assets in the amount of $6,766,482, to the Information Science Incorporated Liquidating Trust (the "InSci Liquidating Trust"). At such time the InSci Liquidating Trust assumed any remaining liabilities of the Company and Essential.

The InSci Liquidating Trust will satisfy any remaining liabilities and obligations of the Company and Essential, including unascertained and contingent liabilities, and liquidate the assets of the trust estate in a prompt and orderly fashion, in a manner which will conserve and protect the trust estate to the maximum extent possible, after paying, or providing for, expenses and liabilities. The InSci Liquidating Trust will not enter into or engage in any other trade or business. Costs and expenses of the Company in carrying out the Plan, and all costs and expenses associated with the performance under the InSci Liquidating Trust, are being paid out of the trust estate.

When all assets and liabilities of the Company were transferred to the InSci Liquidating Trust on December 31, 1991, the InSci Liquidating Trust began the process of preparing final tax returns for the Company and Essential. This process is now in its final stages and, when tax clearances are obtained, the Company will file certificates of dissolution for the Company and Essential.

The Liquidating Trustees (the "Trustees") are currently completing their review of the cost and other aspects of doing two separate distributions to the beneficiaries, and it appears likely that two distributions will be made.

Under the terms of the InSci Liquidating Trust Agreement executed on the Closing Date, the Trustees will provide a report to all beneficiaries of the InSci Liquidating Trust by March 31, 1992.

The Company currently estimates the value of each beneficiary's beneficial interest to be $0.37 per share.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INFORMATION SCIENCE INCORPORATED
(Registrant)

By ____________________
Robert N. Edwards
Acting President and Liquidating Trustee

By ____________________
George E. O'Brien
Acting Chief Financial Officer

Date: March 20, 1992

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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QUARTERLY REPORT UNDER SE[illegible] 15(d)
OF THE SECURITIES EXCHANG[illegible]

For quarter Ended January 31, 1992 Commission file number 2-[illegible]

KFC National Purchasing Cooperative, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

61-0946155
(I.R.S. Employer Identification No.)

950 Breckenridge Lane, Suite 300
Louisville, Kentucky
(address of principal executive offices)

40207
(zip code)

Registrant's telephone number, including area code (502) 896-5900

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Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes x No__

Number of shares of common stock outstanding as of February 28, 1992:

Membership Common Stock	464
Store Common Stock	4695

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KFC NATIONAL PURCHASING COOPERATIVE, INC.

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Part I – Financial Information

Item 1. Financial Statements

KFC NATICNAL PURCHASING COOPERATIVE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND EXPENSES

FOR THE THREE MONTHS ENDED JANUARY 31, 1992 AND 1991

(Unaudited)

	1992	1991
Net Sales	$81,800,472	95,721,148
Cost of Goods Sold	79,906,385	94,109,910
Gross Profit	1,894,087	1,611,238
Selling, General and Administrative Expenses	1,406,070	1,182,354
Provision for Losses on Receivables	73,000	92,000
Other Income(Expenses):		
Service charges	95,857	47,115
Interest income	38,753	59,412
Interest Expense	(48,628)	(79,354)
Miscellaneous	24,672	31,491
	110,654	58,664
Income before Patronage Dividend and Income Taxes	525,671	395,548
Patronage Dividend	284,976	262,907
Income before Income Taxes	240,695	132,641
Provision for Income Taxes	80,054	45,834
Net Income	$160,641	86,807

The accompanying note is an integral part of the consolidated financial statements.

KFC NATIONAL PURCHASING COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
January 31, 1992
(Unaudited)

ASSETS	January 31, 1992 (Unaudited)	October 31, 1991 (Note)
Current Assets:		
Cash and cash equivalents	$304,520	222,665
Investments, at cost which approximates market	285,000	285,000
Accounts receivable, less allowance for losses of $702,296 at January 31, 1992	22,533,957	19,796,214
Food and packaging inventories	5,744,951	2,953,066
Equipment inventory	366,526	458,788
Refundable income taxes	144,647	257,711
Current portion of note receivable from related party	120,000	120,000
Current portion of notes receivable	135,155	143,711
Prepaid expenses and other current assets	32,629	48,564
Total Current Assets	29,667,385	24,285,719
Office Equipment, net	1,011,975	565,323
Note Receivable and Investment in Affiliated Company	1,550,000	1,600,000
Note Receivable from Related Party, Excluding Current Portion	440,534	452,666
Notes Receivable Excluding Current Portion	186,120	137,193
Deferred Income Taxes	758,517	758,396
Other Assets	368,314	386,956
Total Assets	$33,982,845	28,186,253
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Short-term borrowings	$6,150,000	2,240,000
Accounts payable	11,090,779	9,278,499
Accrued expenses	1,317,712	1,604,181
Premium deposits	490,839	594,825
Patronage dividend	1,566,442	1,281,466
Total Current Liabilities	20,615,772	14,998,971
Commitments and Contingencies		
Members' Equity:		
Membership Common Stock	4,640	4,690
Store Common Stock	1,194,252	1,175,052
Retained Earnings	12,168,181	12,007,540
	13,367,073	13,187,282
Total Liabilities and Members' Equity	$33,982,845	28,186,253

[illegible] consolidated financial statements

KFC NATIONAL PURCHASING COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JANUARY 31, 1992 AND 1991
(Unaudited)

	1992	1991
Cash Flows from Operating Activities:		
Net Income	$160,641	86,807
Adjustments to reconcile net income to net cash used in operating actitivities:		
Depreciation and amortization	52,500	61,500
Provision for losses on receivables	73,000	92,000
Changes in operating assets and liabilities:		
Increase in accounts receivable	(2,810,743)	(2,891,456)
(Increase) decrease in inventories	(2,699,623)	998,886
Decrease in refundable income taxes	113,064	489,586
Decrease in prepaid expenses and other current assets	15,935	10,549
Increase in deferred income taxes	(121)	(10,708)
Increase (decrease) in accounts payable	1,812,280	(3,532,059)
Decrease in accrued expenses	(286,469)	(31,519)
Decrease in premium deposits	(103,986)	(9,212)
Increase in patronage dividend	284,976	263,707
Net cash used in operating activities	(3,388,546)	(4,471,919)
Cash Flows from Investing Activities:		
(Increase) decrease in Note Receivable and Investment in Affiliated Company	50,000	(350,000)
Decrease in Note Receivable From Related Party	12,132	----
Increase in Notes Receivable	(40,371)	(600,000)
(Increase) decrease in Other Assets	18,642	(400,000)
Additions to Office Equipment	(499,152)	(4,016)
Net cash used in investing activities	(458,749)	(1,354,016)
Cash Flows from Financing Activities:		
Increase in short-term borrowings	3,910,000	6,000,000
Proceeds from sale of stock, net of costs	31,660	15,240
Retirement of stock	(12,510)	(18,283)
Net cash provided by financing activities	3,929,150	5,996,957
Net increase in cash and cash equivalents	81,855	171,022
Cash and cash equivalents - beginning of period	222,665	181,097
Cash and cash equivalents - end of period	$304,520	352,119
Supplemental information:		
Income taxes paid	$ 0	0
Interest paid	$33,987	39,592

The accompanying note is an integral part of the consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the registrant's annual Form 10-K filing. Accordingly, the reader of this Form 10-Q may wish to refer to the registrant's Form 10-K for the year ended October 31, 1991 for further information in this regard.

The accompanying financial statements for comparative purposes have been made to conform to the format of the Registrant's Form 10-K for the year ended October 31, 1991 and have been prepared in accordance with the registrant's customary accounting practices and have not been audited. In the opinion of management, all adjustments (consisting of only normal recurring accruals) necessary for fair presentation of this information have been made.

2. Management's Discussion and Analysis of Financial Position and Results of Operation

The following discussion and analysis of financial conditions and the condensed consolidated results of operations should be read in conjunction with management's discussion and anlysis of financial condition and results of operations in the company's October 31, 1991 Form 10-K. The results of operations for the three months ended January, 1992 are not necessarily indicative of the operating results for the entire year.

Results of Operations

First Three Months of Fiscal 1992 Compared to the First Three Months of Fiscal 1991.

A comparison of material changes between the three months ended January, 1992 and the comparable period for the previous year shows:

Net sales decreased by $13,921,000 or 14.6% from the first quarter in 1991. This reflects the completion of KFC Corporations withdrawal of significant support from the Cooperative. By the end of the fourth quarter 1991 KFC Corporation had transferred substantially all of its business to PFS. The total lost revenues for 1991 associated with KFC Corporation were approximately $53,000,000. The volume of KFC Corporation business diminished throughout fiscal 1991 impacting sales revenues in the later quarters more significantly. Sales for the first quarter did however exceed budget by $2,240,000.

The Cooperative will experience additional revenues as a result of the start-up of the Canadian business. The first sales were booked in late February and the annual volume is estimated to be in the neighborhood of $75,000,000. The start-up costs associated with Canada is estimated at $250,000. The Canadian franchisees will be able to acquire stock in the Cooperative once all security issuance requirements are satisfied.

First Three Months of Fiscal 1992 Compared to the First Three Months of Fiscal 1991 (cont.)

Gross margin as a percent of net sales increased to 2.3% from 1.7% which is attributable to product mixture. Gross margins are constantly being evaluated to provide competitive prices and provide the services required to fulfill the Cooperative's purpose.

Selling and general administrative costs as a percent of net sales increased to 1.7% from 1.2%. The increase is primarily associated with lower sales but also reflects added staff in the reorganization. Management is constantly monitoring costs to provide the required service at the lowest cost to the stockholder members.

The provision for losses on uncollectible accounts increased to $702,296 from $506,960 at January 31, 1991. Management believes the current provision to be sufficient.

The provision for Patronage Dividend for the first quarter of 1992 has been calculated and accrued on a formula approved by the Board of Directors.

Miscellaneous income of $24,672 is primarily associated with a dividend received by the insurance subsidiary and commissions on sales/use taxes.

Financial Condition at January 31, 1992 Compared to Financial Condition at October 31, 1991

Net working captial (current assets less current liabilities) at January 31, 1992 was $9,051,613, which is a decrease of $235,135 since October 31, 1991. The decrease in working captial is primarily from the increase in short-term borrowings of $3,910,000, accounts payable of $1,812,280 and patronage dividend payable of $284,976 coupled with the decrease in refundable income taxes of $113,064. The above negative working capital factors were offset by an increase in accounts receivable of $2,737,743 and inventories of $2,699,623 and a decrease in accrued expenses of $286,469.

Part II – Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits – None

(b) Reports on Form 8-K – None

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 13, 1992

KFC National Purchasing Cooperative, Inc.

By:

Thomas D. Henrion, President

Date: March 13, 1992

By: William V. Holden

William V. Holden, VP/Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter ended January 31, 1992   Commission File Number 0-9800

LYRIC ENERGY INC.
(Exact name of Registrant as specified in its charter)

Colorado
State or other jurisdiction of incorporation of organization

75-1711324
I.R.S. Employer ID Number

1013 W. 8th, Amarillo, Tx
Address of principal executive offices

79101
Zip Code

Registrant's telephone number, including area code (806) 376-5088

None
Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.

YES X NO ___

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the close of the period covered by this report.

Common Stock, $ .01 par value
Class

46,533,333
Outstanding at January 31, 1992

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LYRIC ENERGY, INC.

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LYRIC ENERGY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
January 31, 1992 and April 30, 1991
(UNAUDITED)

ASSETS

	January 31, 1992	April 30, 1991
Current assets:		
Cash & temporary investments	$ 16,546	$ 20,496
Accounts receivable	71,790	70,527
Interest bearing advances to related parties	6,368	15,105
Notes receivable from related parties	13,301	13,301
Other current assets	1,958	1,958
TOTAL CURRENT ASSETS	$ 110,063	$ 121,387
Property and equipment, at cost:		
Oil & gas properties, full cost method	4,133,102	4,509,209
Less: Accumulated depreciation, depletion and amortization	(3,569,683)	(3,680,038)
NET PROPERTY AND EQUIPMENT	$ 563,419	$ 829,171
TOTAL ASSETS	$ 673,482	$ 950,558

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992	April 30, 1991
Current liabilities:		
Accounts payable - trade	$ 125,686	$ 114,232
Note Payable-Related Party	88,907	88,907
Accrued interest-Related Party Note	81,472	294,339
Notes payable	---	2,991,606
Account payable to Bank	25,000	---
TOTAL CURRENT LIABILITIES	$ 321,065	$3,489,084
Stockholders' equity:		
Common stock - par value $.01 per share, authorized 250,000,000 shares, issued and outstanding 46,533,333 shares	422,333	384,333
Additional paid-in capital	1,690,545	1,690,545
Accumulated deficit	(1,760,461)	(4,613,404)
TOTAL STOCKHOLDERS' EQUITY	352,417	(2,538,526)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 673,482	$ 950,558

The accompanying notes are an integral part of these condensed financial statements.

LYRIC ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Nine and Six Months Ended January 31, 1992 and 1991
(UNAUDITED)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
Revenue:				
Oil & gas sales	$ 18,735	$ 37,560	$ 72,861	$111,556
Management fees	15,505	19,317	49,236	54,658
TOTAL REVENUE	$ 34,240	$ 56,877	$122,097	$ 166,214
Expenses:				
Lease operating expense	$ 11,613	$ 26,110	$ 49,066	$ 56,768
Production taxes	633	2,086	3,251	6,924
General & Admin. expenses	22,909	22,424	65,026	64,056
Depreciation & depletion	---	2,655	2,911	14,732
Professional fees	2,309	6,979	16,879	40,030
TOTAL EXPENSE	$ 37,464	$ 60,254	$137,133	$182,510
OPERATING INCOME	$ (3,224)	$ (3,377)	$(15,036)	$(16,296)
Other income (expense):				
Interest income	$ 755	1,119	$ 2,283	$ 3,893
Interest expense	(6,668)	(62,128)	(84,529)	(188,728)
Gain on Debt Reconstruction	---		2,987,564	
Loss on Transfer of Assets	---		(37,338)	
PROFIT BEFORE TAXES	$ (9,137)	$(64,386)	2,852,944	(201,131)
Income Loss	---	---	---	---
NET PROFIT (LOSS)	$ (9,137)	$(64,386)	$2,852,944	$(201,131)
Earnings per share	.000	(.015)	.061	(.006)

The accompanying notes are an integral part of these condensed financial statements.

LYRIC ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Nine Months Ended January 31, 1992 and 1991
(UNAUDITED)

	January 31,	
	1992	1991
Uses of working capital:		
Net loss (profit)	$(2,866,280)	$201,131
Items not using working capital:		
Depreciation, depletion & amortization	110,355	(14,732)
Additions to oil and gas properties	(376,107)	11,636
Sources of working capital	(3,132,032)	--
Decrease in working capital	$	$198,035

(Increases) decreases in working capital components:		
Cash	$ 3,850	$ 34,045
Accounts receivable trade	(5,862)	8,615
Other current assets	38,000	(10,000)
Accounts payable, trade	36,453	(19,124)
Accrued interest payable	(212,867)	188,321
Notes payable	(2,991,606)	(3,822)
(Increase) Decrease in working capital	$ (3,132,032)	$198,035

The accompanying notes are an integral part of these condensed financial statements.

LYRIC ENERGY, INC.
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JANUARY 31, 1992 & 1991
Increase (Decreases) in Cash

	January 31,	
	1992	1991
Cash flows from operating activities:		
Cash received from customers	$ 120,834	$ 176,915
Cash paid to suppliers and employees	(131,267)	(205,206)
Interest received	1,285	3,893
Interest paid	(24)	(407)
Net cash provided by operating activities	(9,172)	(24,805)
Cash flows from investing activities:		
Cash withdrawn from (deposited in) bank fund controlled by a related party, net	8,737	6,218
Cash paid for oil & gas property acquisition and development	(3,415)	(11,636)
Net cash provided by (used in) investing activities	5,322	(5,418)
Cash flows from financing activities		
Transfer of oil & gas properties	274,373	
Gain on debt restructuring	2,872,388	
Issuance of Stock	38,000	
Repayments of bank debt	(3,184,761)	(3,822)
Net increase (decrease) in cash	(3,850)	(34,045)
Cash at beginning of year	20,496	62,213
Cash at January 31	16,646	28,168

Reconciliation of Net (Loss) Profit to Net Cash Provided by Operations

Net (loss) profit	2,852,944	(201,131)
Adjustments to reconcile net (loss) profit to net cash provided by operations:		
Depreciation, depletion and amortization	2,911	14,732
Net changes in the following:		
Receivables, trade	(1,263)	2,397
Other current assets	266,256	(10,000)
Accounts payable, trade	11,453	(19,124)
Accrued interest	(212,867)	188,321
Notes payable	(2,966,606)	
Stock issued	38,000	
Net cash provided by operations	$ (9,172)	$ (24,805)

See accompanying notes to financial statements.

LYRIC ENERGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Basis of Presentation

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results of the interim period.

The results of operations for the nine months period ended January 31, 1992 are not necessarily indicative of the results to be expected for the full year.

LYRIC ENERGY, INC.

MANAGEMENT'S ANALYSIS OF QUARTERLY INCOME STATEMENT

The following is management's discussion and analysis of certain significant factors which have affected the Company's earnings during the period included in the Company's condensed consolidated financial statements.

Revenues from Oil and Gas Sales and Management Fees decreased from the comparable quarter in 1991 largely resulting from the restructuring of the Company's debt with the Company's bank wherein certain revenue producing properties were transferred to the bank in exchange for cancellation of the debt owed to the bank. The Company issued the bank additional shares of the Company's Treasury Stock. As a result, lease operating expenses also reduced during the quarter.

General and Administrative expenses were essentially the same for the comparable quarter in 1991 and also for the 9 months comparable period in 1991. Substantial interest expense was eliminated as a result of restructuring with the bank and elimination of the bank debt. A small loss was the result. We expect the results for the next quarter to be about the same as this past quarter. The Company is evaluating various opportunities but with natural gas prices being at an all time recent low and with oil prices uncertain the Company has not planned any substantial conventional oil and gas exploration or infield drilling at the present time.

STATEMENT OF MANAGEMENT CONCERNING REVIEW OF INTERIM FINANCIAL INFORMATION BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The January 31, 1992 financial statements included in this filing on Form 10-Q have not been reviewed by Wilson, Haag and Robinette, Inc., public accountants for Lyric Energy, Inc.

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

(b) No Reports have been filed on Form 8-K since October 31, 1991.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto authorized.

DATE: March 9, 1992

LYRIC ENERGY, INC.

By____________________________
G.E. Stahl, President and
Chairman of Board of Directors

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the nine months ended June 30, 1992 **Commission file no. 0-11527**

MPSI SYSTEMS INC.

(Exact name of registrant as specified in its charter)

Delaware	73-1064024
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8282 South Memorial Drive, Tulsa Oklahoma 74133

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code (918) 250-9611

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Number of shares of common stock outstanding at June 30, 1992 - 8,605,000

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MPSI SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Assets (Note 2)

	June 30, 1992 (unaudited)	September 30, 1991
Current assets:		
Cash and cash equivalents	$ 358,000	$ 1,990,000
Short-term investments, at cost	-	189,000
Receivables:		
Trade	6,211,000	5,359,000
Current portion of long-term receivables	3,912,000	3,820,000
Allowance for doubtful receivables	(19,000)	(8,000)
Inventory	600,000	559,000
Other	169,000	58,000
Total current assets	11,231,000	11,967,000
Long-term receivables, net of current portion and unamortized discount	3,996,000	5,153,000
Property and equipment, net	1,824,000	2,491,000
Software products, net	1,579,000	1,836,000
Other assets	1,151,000	1,402,000
Total assets	$19,781,000	$22,849,000

See accompanying notes to consolidated financial statements.

MPSI SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Cont'd)

Liabilities and Stockholders' Equity (Net Capital Deficiency)	June 30, 1992 (unaudited)	September 30, 1991
Current liabilities:		
Notes payable (Note 3)	$ 3,863,000	$ 4,702,000
11% subordinated note payable to principal stockholder maturing July 31, 1992	1,500,000	1,500,000
Accounts payable	2,196,000	1,612,000
Accrued liabilities (Note 5)	2,205,000	2,894,000
Deferred revenue	5,506,000	4,577,000
Deferred income taxes	-	164,000
Net current liabilities of discontinued operations (Note 2)	601,000	149,000
Total current liabilities	15,871,000	15,598,000
Noncurrent deferred revenue	3,331,000	4,054,000
Accrued lease obligation of discontinued operations (Note 2)	2,229,000	2,691,000
Total liabilities	21,431,000	22,343,000
Stockholders' equity (net capital deficiency):		
Preferred Stock, $.10 par value, 1,000,000 shares authorized, none issued or outstanding	-	-
Common Stock, $.05 par value, 20,000,000 shares authorized, 8,605,000 and 8,458,000 shares issued and outstanding at June 30, 1992 and September 30, 1991, respectively (Note 4)	430,000	423,000
Junior Common Stock, $.05 par value, 500,000 shares authorized, none issued or outstanding	-	-
Additional paid-in capital	8,292,000	8,115,000
Accumulated deficit	(11,343,000)	(8,822,000)
Foreign currency translation adjustment	971,000	790,000
Total stockholders' equity (net capital deficiency)	(1,650,000)	506,000
Total liabilities and stockholders' equity (net capital deficiency)	$19,781,000	$22,849,000

MPSI SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1992	1991	1992	1991
Revenues:				
Software maintenance and information services	$ 5,991,000	$ 7,720,000	$21,353,000	$23,463,000
Software licensing	161,000	618,000	978,000	1,401,000
Total revenues	6,152,000	8,338,000	22,331,000	24,864,000
Cost of Sales:				
Software maintenance and information services	3,068,000	3,323,000	10,910,000	10,730,000
Software licensing	203,000	532,000	777,000	3,165,000
Total cost of sales	3,271,000	3,855,000	11,687,000	13,895,000
Gross profit	2,881,000	4,483,000	10,644,000	10,969,000
Operating expenses:				
General and administrative	933,000	1,352,000	2,705,000	4,328,000
Marketing	2,734,000	3,182,000	8,635,000	9,166,000
Research and development	707,000	741,000	1,403,000	1,707,000
Total operating expenses	4,374,000	5,275,000	12,743,000	15,201,000
Operating loss	(1,493,000)	(792,000)	(2,099,000)	(4,232,000)
Other income (expense):				
Interest income	171,000	238,000	435,000	668,000
Interest expense	(118,000)	(251,000)	(373,000)	(552,000)
Other, net	(15,000)	(281,000)	(71,000)	(353,000)
Loss before income taxes	(1,455,000)	(1,086,000)	(2,108,000)	(4,469,000)
Provision for income taxes	43,000	6,000	268,000	34,000
Loss from continuing operations	(1,498,000)	(1,092,000)	(2,376,000)	(4,503,000)
Discontinued operations (Note 2):				
Income (loss) from discontinued operations	-	38,000	-	(1,514,000)
Loss on disposal of discontinued operations	(56,000)	(131,000)	(145,000)	(3,578,000)
Loss from discontinued operations	(56,000)	(93,000)	(145,000)	(5,092,000)
Net loss	$ (1,554,000)	$ (1,185,000)	$ (2,521,000)	$ (9,595,000)
Loss per share:				
Continuing operations	$ (.17)	$ (.13)	$ (.28)	$ (.53)
Discontinued operations	(.01)	(.01)	(.02)	(.60)
Net loss	$ (.18)	$ (.14)	$ (.30)	$ (1.13)

See accompanying notes to consolidated financial statements.

MPSI SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
NINE MONTHS ENDED JUNE 30, 1992
(Unaudited)

	Common stock		Additional paid-in capital	Retained earnings (net capital deficiency)	Foreign currency translation adjustment	Total stock-holders' equity
	Shares	Amount				
Balance, September 30, 1991	8,458,000	$423,000	$8,115,000	$ (8,822,000)	$790,000	$ 506,000
Net loss	-	-	-	(2,521,000)	-	(2,521,000)
Stock issued for ESOP contribution	147,000	7,000	177,000	-	-	184,000
Foreign currency translation adjustment	-	-	-	-	181,000	181,000
Balance, June 30, 1992	8,605,000	$430,000	$8,292,000	$(11,343,000)	$971,000	$ (1,650,000)

See accompanying notes to consolidated financial statements.

MPSI SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

	Nine Months Ended June 30,	
	1992	1991
Net loss from continuing operations	$(2,376,000)	$(4,503,000)
Adjustments to reconcile net loss from continuing operations to cash provided from continuing operations:		
Provision for losses on accounts receivable	11,000	(8,000)
Depreciation	906,000	1,338,000
Amortization	743,000	1,133,000
Deferred income taxes	-	74,000
Write-off of capitalized software development costs	-	1,808,000
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Receivables	450,000	2,331,000
Inventories	(41,000)	(388,000)
Other assets	140,000	(266,000)
Increase (decrease) in liabilities:		
Trade payables and accruals	(86,000)	(997,000)
Taxes payable	61,000	222,000
Deferred revenue	206,000	1,855,000
Net cash provided by continuing operating activities	14,000	2,599,000
Loss from discontinued operations	(145,000)	(1,514,000)
Adjustments to reconcile net loss from discontinued operations to cash used by discontinued operations:		
Provision for loss on accounts receivable in excess of write-offs	-	(16,000)
Depreciation and amortization	-	960,000
Changes in noncash current assets and current liabilities	(60,000)	488,000
Net cash used by discontinued operations	(205,000)	(82,000)
Net cash provided (used) by operating activities	(191,000)	2,517,000
Cash flows from investing activities:		
Decrease (increase) in short-term investment	189,000	(104,000)
Proceeds from asset dispositions	170,000	-
Purchase equipment	(270,000)	(661,000)
Software development	(486,000)	(1,720,000)
Net investment activities of discontinued operations	-	4,379,000
Net cash used by investing activities	(397,000)	1,894,000

MPSI SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)

	Nine Months Ended June 30,	
	1992	1991
Cash flows from financing activities:		
Borrowings under line of credit agreement	520,000	1,093,000
Repayments of indebtedness under line of credit agreement	(1,359,000)	(527,000)
Debt payments of discontinued operations	(205,000)	(3,800,000)
Net cash used by financing activities	(1,044,000)	(3,234,000)
Increase (decrease) in cash and cash equivalents	(1,632,000)	1,177,000
Cash and cash equivalents at beginning of period	1,990,000	1,095,000
Cash and cash equivalents at end of period	$ 358,000	$ 2,272,000

See accompanying notes to consolidated financial statements.

1. General Notes:

Certain notes to the September 30, 1991 audited consolidated financial statements filed with Form 10-K are applicable to the unaudited consolidated financial statements for the nine months ended June 30, 1992. Accordingly, reference should be made to the Notes to Consolidated Financial Statements contained in Exhibit No. 13.1 to Form 10-K for the year ended September 30, 1991.

In the opinion of the Company, the unaudited consolidated financial statements as of June 30, 1992 contain all adjustments (including normal recurring accruals) necessary to fairly present the financial position and the results of operations of the Company. The timing of market study orders and software license agreements can significantly impact quarterly results of operations and, accordingly, the results of operations for the nine months ended June 30, 1992 are not necessarily indicative of the results to be expected for the full year.

Cash Equivalents:

The Company considers investments with an original maturity of three months or less to be cash equivalents.

Amortization of Capitalized Software:

The annual amortization of capitalized software development costs is computed on a product-by-product basis and is the greater of the amount determined using (1) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (2) the straight-line method over the remaining economic life of the product. Historically, the straight-line method has resulted in a greater amount of amortization in each accounting period and has, therefore, been the basis for amortization in the current period and in prior periods. Amortization starts when the product is available for general release to customers.

2. Discontinued Operations:

On March 22, 1991, Execucom Systems Corporation ("Execucom"), a wholly owned subsidiary of MPSI Systems Inc. ("MPSI") and the subsidiaries of Execucom sold substantially all of their operating assets to Comshare, Incorporated ("Comshare") pursuant to an Asset Purchase Agreement dated March 11, 1991. The transaction was effective March 1, 1991. The following assets and liabilities remain at June 30, 1992:

Current assets	$ 35,000
Foreign taxes payable	(214,000)
Current portion of accrued lease obligation and other current liabilities	(422,000)
Noncurrent portion of accrued loss on retained lease obligation	(2,229,000)
Net liabilities of discontinued operations	$(2,830,000)

The loss on disposal includes the following components recognized during the nine months ended June 30, 1992:

Employee and corporate insurance obligations	$ (101,000)
Retained lease obligation	(181,000)
Bad debt expense	(32,000)
Final settlement of sale disputes	104,000
Miscellaneous income, net of supplier settlements	27,000
Income tax refunds, net	38,000
Loss on disposal of discontinued operations	$ (145,000)

In January 1992, a final settlement with respect to pending claims between MPSI and the purchaser was made, which resulted in a gain of approximately $104,000. No further contingent items remain. The loss on disposal includes management's best estimates as to the remaining obligations of discontinued operations and the net realizable value of retained assets. Future events could result in further losses or recovery of amounts in excess of those described above.

3. Notes Payable:

	June 30, 1992	September 30, 1991
Secured note payable under bank line of credit bearing interest at the prime rate of Bank of Oklahoma, N.A. plus 1-1/2%	$ 3,863,000	$ 4,700,000
Other	-	2,000
Total notes payable	$ 3,863,000	$ 4,702,000

The Company was in default under the bank credit agreement at September 30, 1991, as previously discussed in Form 10-K for that period. The bank had not waived the default at that time pending renegotiation of the credit agreement scheduled to mature January 31, 1992. In February 1992, a renegotiated $4.6 million bank credit agreement was executed which, among other things, (1) extended the maturity date to July 31, 1992, (2) established required principal reductions of approximately $200,000 per month during the extension period (except that no reduction was scheduled for March 1992), (3) revised the interest rate such that it is now based upon the prime rate of interest at Bank of Oklahoma, N.A. plus 1-1/2% (effectively raising the rate 1/2%), (4) granted the bank an additional security interest in fixed assets, and (5) provided that the Company would reduce the outstanding balance by $1.0 million upon the occurrence of an equity infusion (to the extent that the aggregate amount of an equity infusion exceeds that threshhold).

The financial covenants in the previous credit agreement were not revised and, accordingly, the following restrictions remained in force during the extension period:

- The Company must limit its leasing arrangements relative to real or personal property (excluding workstation computer equipment) such that the aggregate rental payments during any consecutive twelve-month period do not exceed $3.5 million.

- The Company is restricted during the commitment period as to expenditures of no more than $1,050,000 for the acquisition, construction, expansion or improvement of capital assets (excluding workstation computer equipment), software products or capital stock.

- Aggregate expenditures for workstation computer equipment may not exceed $600,000 during the commitment period whether by purchase or lease.

- The Company must not permit to exist any borrowings except (a) borrowings under this credit agreement, (b) borrowing in connection with workstation computer equipment acquisitions subject to above limitations, (c) existing debt to the principal stockholder, (d) obligations related to trade payables incurred in the ordinary course of business, or (e) obligations under the office lease agreement retained relative to the discontinued Execucom operations.

Management is of the opinion that these financial restrictions do not adversely affect the Company's operations, as they allow sufficient opportunity to meet anticipated operating requirements during the commitment period. The Company is, however, still in default with respect to (1) the minimum tangible net worth requirement of $5.0 million and (2) the maxiumum 5.0 to 1 ratio of total liabilities to tangible net worth. The bank will not waive the defaults and continues to restrict further advances although they have not indicated an intention to accelerate the debt maturity. The Company made all required principal and interest payments through March 31, 1992, but was unable to make the required $200,000 principal payment due April 30, 1992. Subsequently, the bank agreed to a revised payment plan wherein the Company was to make weekly principal payments of $12,500 plus interest through the July 31, 1992 extension maturity date. The Company has made all required payments through July 31, 1992 and is currently negotiating with the bank for a further extension of the loan.

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4. Supplemental Information - Statements of Cash Flow

The Company paid interest of $373,000 and $732,000 during the nine months ended June 30, 1992 and 1991, respectively. Income taxes of $195,000 were paid during the nine months ended June 30, 1992, whereas income tax refunds of $262,000 were received during the nine months ended June 30, 1991.

The Company made its 1991 matching contribution to the employee stock ownership and investment plan with approximately 147,000 previously unissued shares of Common Stock which resulted in a non-cash reduction of accrued liabilities by approximately $184,000.

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5. Lease Obligations

The Company is in arrears with respect to certain monthly lease payments due during the quarter ended June 30, 1992 for its office leases in Irving, Texas, Austin, Texas and Toronto, Canada. All employees and operations have been removed from these offices and the Company is attempting to negotiate settlements with the landlords or to sublease the facilities. The Austin landlord satisfied the April and May rental arrearages by drawing against a $100,000 letter of credit posted by the Company at the inception of the lease as a security deposit. The landlord has demanded that the Company post a new $100,000 letter of credit, but no such security has been arranged to date. Existing sublease rentals at that location have been directed to the landlord and the landlord is also seeking sublease candidates. On June 18, 1992, the Irving, Texas landlord filed a lawsuit to recover rents owed (see Note 6) and has denied the Company further access to the premises. The Canadian landlord is actively seeking a sublessee or substitute lessee on the Company's behalf.

The following table summarizes these lease obligations at June 30, 1992:

Location	Square Feet	Expiration Date	Rents in Arrears	Aggregate Remaining Rents(*)
Austin, Texas	57,000	July 31, 2000	$ 77,000	$4,906,000
Irving, Texas	10,000	September 30, 1996	46,000	659,000
Toronto, Canada	2,500	April 30, 1993	10,000	29,000

*Excluding rent in arrears, operating expenses and offsetting sublease rentals.

With respect to the Austin, Texas lease, the Company established an accrual for its estimated costs net of sublease rentals at March 31, 1991, concurrent with the sale of the Execucom subsidiary. That liability is reflected in the consolidated balance sheet as Accrued Lease Obligation of Discontinued Operations. No liability has been recorded regarding the Irving, Texas lease pending the results of litigation now in process (see Note 6).

The Company is in arrears on the rent at its headquarters facility in Tulsa, Oklahoma in the aggregate amount of approximately $160,000. Arrangements have been made for partial payments to cover operating costs of the building until cash flows permit full settlement.

6. Legal Proceedings

SunBank/Miami v. MPSI Inc.

SunBank/Miami, N.A. filed suit on January 6, 1992, in Dade County, Florida District Court against MPSI Inc. seeking the return of $207,000 SunBank had paid MPSI for a study. The case was tentatively settled on July 30, 1992, with MPSI agreeing to pay SunBank the principal sum of $130,000 with interest thereon at 6% per annum in thirteen installments, commencing January 15, 1993, and ending on December 29, 1993. MPSI had accrued for this potential liability at September 30, 1991 such that the impact of this settlement will not materially impact the 1992 results of operations.

T-Las Colinas Towers Corp. v. MPSI Inc.

T-Las Colinas filed suit on June 18, 1992, in the Dallas County, Texas District Court against MPSI Inc. seeking to recover past due rent in excess of $45,000. MPSI has filed a counterclaim against T-Las Colinas and a third-party complaint against the property manager, JPI, seeking a declaration that the lease was terminated in June 1992, actual damages for breach of contract and actual and punitive damages for tortuous interference with contract and/or prospective business relations, conversion and violation of the Texas Deceptive Trade Practices Act. T-Las Colinas' reply to the counterclaim and JPI's answer to the third-party claim are due in August 1992.

MPSI Systems Inc. v. Control Sciences Limited, et al.

On April 7, 1992, MPSI filed its Complaint in the Federal Court in Tulsa seeking a declaratory judgment that a software system created by MPSI known as the "Automated Pricing System" does not infringe any exclusive right of any of the defendants, including any copyright or trademark rights. The dispute resulted from a Software Licensing Agreement whereby one of the defendants, Control Sciences Limited ("CSL"), as licensor, granted MPSI rights to a certain software program known as "Price-Strat." MPSI subsequently independently developed its Automated Pricing System.

Defendants have made certain allegations that MPSI has violated the licensing agreement, and has infringed defendants' copyright and trademark rights. MPSI has asked for declaratory judgment that (1) MPSI's Automated Pricing System software is not subject to any exclusive right of the defendants; (2) MPSI's development of the Automated Pricing System software does not violate the licensing agreement or any other right of defendants; (3) MPSI's Automated Pricing System software is the exclusive property of MPSI; and other specific declaratory relief.

Defendants filed a motion to dismiss and alternative motion to stay on June 1, 1992. Briefing on defendant's motion is complete, and no decision has yet been received from the Court. The case has been set for initial status conference in September 1992.

Control Sciences Limited v.MPSI Systems Inc., et al.

After the Tulsa suit was filed, CSL filed suit in England on May 28, 1992. CSL seeks a declaration that all copyright and intellectual property rights of the computer programs are vested in CSL. It also claims damages in an unspecified amount for breach of the Software Licensing Agreement by MPSI and asks for an injunction to restrain MPSI from breaching the Agreement by using or disclosing any confidential information of CSL.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND QUARTERLY RESULTS OF OPERATIONS

Results of Continuing Operations

The Company reported a net loss from continuing operations of $1,498,000 ($.17 per share) on revenues of $6,152,000 for the third quarter ended June 30, 1992 compared with a net loss $1,092,000 ($.13 per share) on revenues of $8,338,000 for the comparable period last year. The loss from continuing operations of $2,376,000 or $.28 per share on revenues of $22,331,000 for the nine months ended June 30, 1992 compares with a loss of $4,503,000 or $.53 per share on revenues of $24,864,000. A further net loss of $145,000 was recognized from discontinued operations for the nine months of this year compared with a loss of $5,092,000 during the comparable period last year and includes trailing costs related principally to employee matters and a retained office lease.

The general business trend, discussed in previous quarterly reports, continued during the third quarter ended June 30, 1992. New orders continued from Pacific Rim clients, orders remained flat from Europe and South America, and the volume of new business in North America continued to be disappointing. These trends are anticipated to continue through the remainder of 1992. The first orders for the Company's new Operational Performance Software ("OPS") were recorded during the current quarter. Petroleum clients in Australia and the United States have placed orders for software including the OPS, and one of those clients placed concurrent orders for CCMS databases (multi-year market studies). These orders ratify the Company's optimism concerning these new products and their potential to revitalize market study volumes in more mature markets where retail network optimization is more important to MPSI's clients than site selection and network expansion.

The Company continues to seek opportunities to diversify its revenue base, particularly in the governmental market. MPSI consultants continue to assist the United States Postal Service with its evaluation of a pilot project which has consumed significant MPSI resources during the nine months ended June 30, 1992. Although this project adversely impacted profitability during the current nine-month period, there is a potential for significant new business in 1993 and beyond from this relationship. A decision is expected in September 1992. Negotiations are under way with two additional foreign postal agencies, one a former client and one a potential new client in Europe.

These new products and potential new clients represent an opportunity to revitalize the revenue growth trend which has been declining since the Persian Gulf War. In the near term, and until such time as orders and revenue can be increased more in line with historical growth trends, management continues to focus on cost containment. Early in fiscal year 1992 MPSI implemented a cost reduction and consolidation plan. Production of the Company's market studies was consolidated back into the United States (portions of these studies were previously done in Bristol, England and in Singapore) resulting in staff reductions, management reductions, management salary reductions, and office downsizing overseas. More recently in the third quarter ended June 30, 1992, additional staff reductions took place and stringent spending restrictions were implemented. As part of these changes, the Company's founder and Chairman was restored to an active role in the Company's operations. Although results of operations during the current nine-month period began to reflect the effects of these changes, costs should further decline during the last fiscal quarter and beyond.

A review of the statement of operations for the nine months ended June 30, 1992, as compared with the comparable period last year, indicates several significant fluctuations.

1. Software revenues are lower for the current quarter and nine months compared with the same time periods last year. This is indicative of the fact that revenues for individual interim periods may fluctuate significantly as the result of the timing of software license agreements, because of which management believes that the Company's results of operations should be evaluated on an annual basis.

   The gross profit from this product line is historically subject to significant variation depending upon the amount of amortization or write-off of capitalized software development costs. The gross profit for software licensing during the nine months ended June 30, 1992 was improved as compared with the prior year periods in which significant write-offs of capitalized software costs were taken in line with the Company's re-evaluation of the profitability related to various geographic markets previously served. This adjustment was required to give effect to shortened economic lives of certain software products as the result of (1) the Company's 1989 commitment to workstation computer technology, a rapidly changing environment, and (2) the refocus on the core petroleum business and on the most economically profitable geographic markets. Management expects the gross profit from this profit line to increase since more conservative policies are now in effect relative to capitalization of software development costs; a position which should reduce the Company's exposure to significant future write-offs.

2. Operating expenses have declined approximately 16% during both the quarter and the nine months ended June 30, 1992 as compared with the year-ago periods. General and administrative expenses have declined by approximately $1.6 million or 38% during the nine months as compared with June 30, 1991. This decline is principally attributable to staff and management reductions, and to the fact that 1991 contained approximately $500,000 of start-up costs related to a Total Quality Management Program. Marketing expenses have declined only approximately 6% compared with last year as these costs were not as heavily impacted by the corporate restructuring as were other operating expenses. Research and development costs declined principally due to a shift, during the current nine-month period, of resources to the USPS project reflected in cost of sales.

3. Interest income has declined due to reduced cash reserves (see discussion of Liquidity below) and lower outstanding receivables related to software licenses agreements.

4. Interest expense has declined due to lower interest rates during the current nine-months than in the comparable period last year, and due to the fact that the outstanding balance under the bank line of credit has been substantially reduced from June 1991.

5. The Company accrued foreign income taxes related to the first quarter of 1992 production operations in Singapore (prior to consolidation back to the U.S.). Additionally, certain foreign customers are withholding foreign income taxes from amounts remitted to the U.S. in settlement of market study and software license billings.

Discontinued Operations

The Company continues to incur modest trailing costs not previously included in estimated accruals at disposition, which costs are related principally to employee insurance claims and the retained lease obligation. Although no contingent claims remain between MPSI and the purchaser of Execucom, the Company continues to pursue relief from a long-term lease of Execucom's former corporate headquarters in Austin, Texas. Portions of that office space have been subleased and the Company accrued for the estimated liability for unused space at September 30, 1991. During the quarter ended June 30, 1992, MPSI vacated the small portion of the facility that it had been occupying and notified the landlord that it was no longer going to utilize the remaining space. MPSI had not paid the June rent, has not made a $100,000 security deposit demanded by the landlord, and is negotiating with the landlord concerning further subleases or settlement of the remaining lease liability.

Financial Condition

During the second quarter ended March 31, 1992 MPSI renegotiated an extension of its bank credit agreement to July 31, 1992 (as discussed more fully in Note 2 to the accompanying consolidated financial statements). Since the bank did not revise certain financial covenants relating the minimum tangible net worth and the ratio of debt to equity, the Company continues to be in default under the extended agreement. The bank will not waive the default and no negotiations are under way with respect to possible waivers. MPSI was unable to make the April debt payment of $200,000, but after further renegotiation, has made all required weekly payments consisting of $12,500 principal plus interest, through July 31, 1992. The bank has not indicated its intention to accelerate the maturity of the remaining outstanding balance. The bank has however, imposed restrictions on further borrowings until such time as the defaults are cured. MPSI is negotiating with the bank concerning a further extension of the agreement which expired July 31, 1992.

The continued lack of profitability for the nine months ended June 30, 1992, coupled with certain restrictions on borrowings outside the line of credit, makes it difficult for MPSI to obtain external financing. Essentially, the Company must generate sufficient cash from continuing operations in order to fund those operations and any capital investments required. The recent cost containment measures and production consolidation are directed at generating cash flow from operations sufficient to meet these needs. Although it is difficult to assess the ultimate impact of the recent cost reduction measures, Management anticipates that the Company will continue to fund its requirements through continuing operations.

The Company was generally able to fund its operating needs and reduce its bank debt during the nine months ended June 30, 1992 due in part to higher orders early in the fiscal year. During the most recent six months, orders have been lower than expected for the economic reasons discussed under Results of Continuing Operations. Therefore, the Company was required to utilize portions of its cash reserves to meet operating needs. The pressure on cash reserves has resulted in temporary deferrals of payments to suppliers and others for longer periods than has historically been the Company's practice. The Company has notified the landlords in Irving, Texas and Toronto, Canada of its intent to seek sublessees or substitute lessees for those facilities. The Irving, Texas landlord failed to approve a sublease of the facility and has sued MPSI for rents in arrears as discussed more fully in note 6 to the consolidated financial statements. The landlord in Canada is working with the Company to identify a sublessee or substitute lessee. Recent collections have enabled the Company to bring its suppliers' accounts more current and generally to maintain satisfactory creditor relationships.

The reduction of corporate liquidity discussed above has required management to limit capital spending in the near term. It is estimated that fixed asset acquisitions of $100,000 might be required during the remainder of fiscal year 1992. These costs are mainly for replacements of older equipment or are for additional workstation computers which may be required to meet production needs.

Additional capital expenditures of approximately $50,000 will also be required in order to complete development of new products. Currently in the final stages of development is an Operational Performance System ("OPS") scheduled for general release later this fiscal year. The OPS is designed for clients in more mature markets where operational optimization rather than retail site selection is the client's principal concern. This product is aimed at revitalizing markets like the United States and certain western European countries where MPSI's clients are no longer as "site selection" oriented. The software model itself will be made available to existing clients at a nominal cost, but should then produce a renewed interest in market studies. The Company is also beginning a major enhancement to its site selection software which should be available to clients in fiscal year 1993. Site selection and real estate investment continues to be the primary focus in the Pacific Rim and certain eastern European countries.

The release of one new product discussed in previous reports, the Automated Pricing System, has been delayed because of certain copyright and trademark issues which must be resolved prior to the release. In order to clarify the ownership rights, MPSI filed a lawsuit seeking a declaratory judgement confirming MPSI's rights. A counter suit has been filed in the United Kingdom seeking unspecified damages and injunctive protection with regards to the software. See note 6 to the consolidated financial statements for further information concerning this litigation.

The Company issued approximately 147,000 shares of previously unissued Common Stock in settlement of its 1991 matching contribution requirement to the employee stock ownership and investment plan. Management is currently exploring an equity infusion, possibly through private placement of Common Stock.

PART II - OTHER INFORMATION

Item 1 -- Legal Proceedings - See Note 6 to Consolidated Financial Statements on pages 12 and 13.

Item 2 -- Changes in Securities - None.

Item 3 -- Defaults Upon Senior Securities - See Notes 3 and 5 to Consolidated Financial Statements on pages 10 and 11, respectively.

Item 4 -- Submission of Matters to a Vote of Security Holders - None

Item 5 -- Other Information - None

Item 6 -- Exhibits and Reports on Form 8-K.

		Page
(a)	Exhibit:	
	11.1 Earnings per share computation	19
(b)	Reports on Form 8-K - A report on Form 8-K related to the delisting of MPSI stock by NASDAQ was filed with the Securities and Exchange Commission on April 22, 1992 (File No. 0-11527).	-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed in its behalf by the undersigned hereunto duly authorized.

MPSI SYSTEMS INC.

Date __August 10, 1992__

By __/s/ Ronald G. Harper__
Ronald G. Harper, President
(Chief Executive Officer) and
Director

Date __August 10, 1992__

By __/s/ Quentin L. Mantooth__
Quentin L. Mantooth
Sr. Vice President - Finance and
Administration (Principal Accounting
and Financial Officer)

EXHIBIT 11.1 - Earnings Per Share Computation

Earnings per share calculations have been affected by the granting of stock options under the provisions of MPSI Systems Inc. Stock Option Plans. The granting of these options has had a dilutive effect on earnings per common and common equivalent share. Following is a summary computation of the weighted average number of shares outstanding and earnings per share using the treasury-stock method. Primary and fully diluted earnings per share are the same for each period presented.

MPSI SYSTEMS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1992	1991	1992	1991
Common shares outstanding at beginning of period	8,458,000	8,458,000	8,458,000	8,458,000
Incremental shares due to issuance of 147,000 shares of Common Stock to ESOP	147,000	-	65,000	-
Total weighted average shares outstanding	8,605,000	8,458,000	8,523,000	8,458,000
Loss from continuing operations	$(1,498,000)	$(1,092,000)	$(2,376,000)	$(4,503,000)
Loss from discontinued operations	$ (56,000)	$ (93,000)	$ (145,000)	$(5,092,000)
Loss per share:				
Continuing operations	$ (.17)	$ (.13)	$ (.28)	$ (.53)
Discontinued operations	$ (.01)	$ (.01)	$ (.02)	$ (.60)
Net loss	$ (.18)	$ (.14)	$ (.30)	$ (1.13)

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

MAR 23

Quarterly report under Section 13 or 15(d)
the Securities Exchange Act of 1934

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Q-Data Corp. - St. Petersburg, FL

For quarter ended January 26, 1992   Commission File No. 0-1455

L30

OPT-SCIENCES CORPORATION
(Exact name of registrant as specified in its charter)

New Jersey
(state or other jurisdiction of incorporation or organization)

21-0681502
(I.R.S. Employer Identification number)

1912 Bannard Street, Riverton, NJ
(Address of principal executive offices)

08077
(Zip Code)

Registrant's telephone number, including area code: 609-829-2800

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at January 26, 1992
Common Stock, par value $0.25	798,265 shares

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Part I. Financial information

Consolidated balance sheets - January 26, 1992 and October 27, 1991 3 - 4

Consolidated statements of income - thirteen weeks ended January 26, 1992 and January 27, 1991 5

Consolidated statements of cash flows - thirteen weeks ended January 26, 1992 and January 27, 1991 6

Notes to consolidated condensed financial statements 7

Management's discussion and analysis of financial condition and results of operations 8

Part II Other information 9

Signatures 10

OPT-Sciences Corporation and Subsidiary
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	January 26, 1992	October 27, 1991
CURRENT ASSETS		
Cash and cash equivalents	$2,082,411	$1,977,083
Trade accounts receivable	375,248	506,003
Inventories	308,133	324,359
Prepaid expenses	64,487	21,763
Prepaid taxes	33,798	72,866
Total current assets	2,864,077	2,902,074
Marketable securities	114,817	103,231
PROPERTY AND EQUIPMENT		
Land	114,006	114,006
Building and improvements	166,497	166,497
Machinery and equipment	496,910	493,760
Small tools	37,490	37,490
Furniture and fixtures	5,909	5,906
Office equipment	35,044	35,044
Automobile	14,394	14,394
Total property and equipment	870,250	867,097
Less accumulated depreciation	600,759	592,874
Net property and equipment	269,491	274,223
Total assets	$3,248,385	$3,279,528

The accompanying notes are an integral part of these financial statements.

OPT-Sciences Corporation and Subsidiary
CONSOLIDATED BALANCE SHEETS
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 26, 1992	October 27, 1991
CURRENT LIABILITIES		
Accounts payable - trade	$90,934	$76,620
Other current liabilities	123,533	196,941
Total current liabilities	214,467	273,561
STOCKHOLDERS' EQUITY		
Common capital stock - par value $.025 per share - authorized and issued 1,000,000 shares	250,000	250,000
Additional paid in capital	272,695	272,695
Retained earnings	2,654,196	2,626,245
Less treasury stock at cost - 201,735 shares	(142,973)	(142,973)
Total stockholders' equity	3,033,918	3,005,967
Total liabilities and stockholders' equity	$3,248,385	$3,279,528

The accompanying notes are an integral part of these financial statements

OPT-Sciences Corporation and Subsidiary
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(Unaudited)

	Thirteen Weeks Ended January 26, 1992	Thirteen Weeks Ended January 27, 1991
NET SALES	$521,344	$752,322
COST OF SALES	452,292	540,978
Gross profit on sales	69,052	211,344
OPERATING EXPENSES		
Sales and delivery	2,831	6,906
General and administrative	57,906	107,476
Total operating expenses	60,737	114,382
Operating income	8,315	96,962
OTHER INCOME	28,013	28,128
OTHER CHARGES	-	-
Net income before taxes	36,328	125,090
FEDERAL AND STATE INCOME TAXES	8,377	50,905
Net income	27,951	74,185
RETAINED EARNINGS beginning of year	2,626,245	2,552,060
RETAINED EARNINGS end of period	$2,654,196	$2,626,245
EARNINGS PER SHARE OF COMMON STOCK	.04	.09
Shares of stock outstanding	798,265	798,265

The accompanying notes are an integral part of these financial statements.

OPT-Sciences Corporation and Subsidiary
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Thirteen Weeks Ended January 26, 1992	Thirteen Weeks Ended January 27, 1991
CASH FLOWS FROM OPERATIONS		
Net income	$27,951	$74,185
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on sale of marketable securities	(416)	-
Depreciation	7,885	9,045
(Increase) decrease in		
Trade accounts receivable	130,755	(43,461)
Inventories	16,226	43,554
Prepaid expenses and taxes	(3,656)	(3,176)
Increase (decrease) in		
Trade accounts payable	14,314	48,947
Other current liabilities	(73,408)	(94,458)
NET CASH PROVIDED BY OPERATING ACTIVITIES	119,651	34,636
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Unrealized gain on marketable securities	-	1,282
Proceeds from sale of marketable securities	36,660	-
Purchases of plant, property, and equipment	(3,153)	(6,709)
Purchases of marketable securities	(47,830)	-
NET CASH FROM (FOR) INVESTING ACTIVITIES	(14,323)	(5,427)
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH	105,328	29,209
CASH AT BEGINNING OF YEAR	1,977,083	1,856,871
CASH AT END OF PERIOD	$2,082,411	$1,886,080
SUPPLEMENTAL DISCLOSURES:		
Cash paid for income taxes	-	$88,524
Cash paid for interest	-	-

The accompanying notes are an integral part of these financial statements.

OPT-Sciences Corporation and Subsidiary
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly OPT-Sciences Corporation's financial position as of January 26, 1992 and October 27, 1991 and the results of operations for the the thirteen weeks ended January 26, 1992 and January 27, 1991 and cash flows for the respective periods then ended.

2. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

3. Inventories consisted of the following:

	January 26, 1992	October 27, 1991
Raw material and supplies	$ 39,539	$ 45,763
Work in process	169,278	179,279
Finished goods	99,316	99,317
	$308,133	$324,359

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

Cash and cash equivalents--OPT Sciences Corporation's cash balances increased from operations during the first quarter of the year from $1,977,083 to $2,082,411. A reduction in trade receivables of $130,755 from October 27, 1991 accounted for most of the increase in the cash balance. There are no material obligations in existence which would be anticipated to cause any substantial decease in the cash balances from other than the company's future operations.

RESULTS OF OPERATIONS

Sales revenues have decreased by about 30% from the level of the first quarter of the prior year. Gross profits decreased by about 67% from those of the prior year due to the decrease in the volume of business, attributable to the general economic climate. Earnings from investments have remained stable as a result of increased funds being invested, although effective yields have dropped with the sharp decline in interest rates.

PART II

OTHER INFORMATION

Item 6 - Exhibits and Report on Form 8 - K

a) Exhibits - none

b) Reports on Form 8 -K. There were no reports on Form 8 -K filed for the thirteen weeks ended January 26, 1992.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act if 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

OPT-SCIENCE CORPORATION
Registrant

March 17, 1992
Date

Anderson McCabe, President

March 17, 1992
Date

Harvey Habeck
Chief Accountant

..0 32217

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended January 31, 1992

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ____________ to ____________

****

Commission File Number 000-19574

11-11-✓

PACIFIC PHYSICIAN SERVICES, INC./DE
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

9[illegible]
(IRS Empl[illegible] Number)

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Q-Data Corp. - St. Petersburg, FL

1826 Orange Tree Lane, Redlands, California 92374
(Address of principal executive offices, including zip code)

714/825-4401
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No___

As of January 31, 1992, there were 6,185,431 shares of the Registrant's Common Stock, $.01 par value, outstanding.

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Part I: Financial Information
Item 1: Financial Statements

PACIFIC PHYSICIAN SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	July 31, 1991	January 31, 1992 (Unaudited)
	(In thousands)	
Current assets:		
Cash and cash equivalents	$11,104	$ 6,512
Marketable securities, at cost		15,820
Accounts receivable, net	2,778	4,757
Other assets	1,522	1,464
Total current assets	15,404	28,553
Property, equipment and improvements, net	5,673	8,668
Other assets:		
Restricted cash held for capital projects	2,000	1,678
Notes receivable, net of current portion	901	811
Intangible assets and other	393	4,993
TOTAL ASSETS	$24,371	$44,703

LIABILITIES AND STOCKHOLDERS' EQUITY

	July 31, 1991	January 31, 1992 (Unaudited)
Current liabilities:		
Accounts payable	$ 1,623	$ 1,966
Accrued compensation	2,587	2,669
Accrued professional service costs--affiliate	2,081	2,574
Claims payable	3,990	4,102
Other payables	1,180	629
Total current liabilities	11,461	11,940
Long-term debt, net of current portion	1,395	1,675
Estimated malpractice liability, net of current portion	2,077	2,487
Deferred income taxes	481	617
TOTAL LIABILITIES	15,414	16,719
Stockholders' equity:		
Preferred stock, $.01 par value, Shares authorized, 10,000,000; none issued		
Common stock, $.01 par value; Shares authorized, 20,000,000; 4,328,400 and 6,185,431 issued at July 31, 1991 and January 31, 1992, respectively	43	62
Additional paid-in capital	3,161	20,511
Retained earnings	5,811	7,447
Unamortized executive stock plan expense	<58>	<36>
	8,957	27,984
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$24,371	$44,703

See accompanying notes

PACIFIC PHYSICIAN SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended January 31,	
	1991	1992
	(In thousands, except per share data)	
Operating revenue	$17,403	$23,997
Interest and other income	163	256
Total revenue	17,566	24,253
Operating expenses:		
Cost of affiliated physician services	9,710	12,520
Medical support and administrative costs	6,540	9,408
Depreciation and amortization	250	515
Interest expense	53	51
Total operating expenses	16,553	22,494
Income before income taxes	1,013	1,759
Provision for income taxes	463	807
NET INCOME	$ 550	$ 952
Earnings per share		
Primary	$ .12	$ .14
Fully Diluted	$ .12	$ .14
Weighted average shares of common stock and common stock equivalents outstanding		
Primary	4,579	6,553
Fully Diluted	4,579	6,674

See accompanying notes

PACIFIC PHYSICIAN SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Six Months Ended January 31,	
	1991	1992
	(In thousands, except per share data)	
Operating revenue	$34,189	$46,350
Interest and other income	300	424
Total revenue	34,489	46,774
Operating expenses:		
Cost of affiliated physician services	19,182	25,000
Medical support and administrative costs	12,805	17,844
Depreciation and amortization	470	831
Interest expense	107	117
Total operating expenses	32,564	43,792
Income before income taxes	1,925	2,982
Provision for income taxes	869	1,345
NET INCOME	$ 1,056	$ 1,637
Earnings per share		
Primary	$ .23	$ .28
Fully Diluted	$ .23	$ .28
Weighted average shares of common stock and common stock equivalents outstanding		
Primary	4,581	5,777
Fully Diluted	4,581	5,909

See accompanying notes

PACIFIC PHYSICIAN SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended January 31,	
	1991	1992
	(In thousands)	
Operating activities:		
Net income	$ 1,056	$ 1,637
Adjustments to reconcile net income to net cash provided by <used in> operating activities:		
Depreciation and amortization	470	830
Amortization of executive stock plan expense	24	21
Provision for losses on accounts receivable and notes receivable	183	331
Provision for deferred income taxes		395
Estimated malpractice liability	467	95
Net change in operating assets and liabilities	828	<2,340>
Net cash provided by <used in> operating activities	3,028	969
Investing activities:		
Purchase of property, equipment and improvements	<1,241>	<3,277>
Collections on notes receivable	21	114
Increase in notes receivable	<117>	<20>
Restricted cash used for capital project		1.322
Purchase of marketable securities		<15,820>
Purchase of medical groups		<3,880>
Net cash used in investing activities	<1,337>	<21,561>
Financing activities:		
Repurchase of stock	<28>	
Proceeds from public offering		16,351
Principal payments on long-term debt	<87>	<368>
Exercise of stock options		1,017
Restricted cash provided from exercise of stock options		<1,000>
Net cash used in financing activities	<115>	16,000
Net increase <decrease> in cash and cash equivalents	1,576	<4,592>
Cash and cash equivalents at beginning of period	6,820	11,104
Cash and cash equivalents at end of period	$ 8,396	$ 6,512
Supplemental cash flow information:		
Cash paid during the period for:		
Income taxes	$ 852	$ 1,665
Interest	107	117

See accompanying notes

PACIFIC PHYSICIAN SERVICES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
January 31, 1992
(Unaudited)

1. Basis of Presentation

The interim condensed consolidated financial statements have been prepared by Pacific Physician Services, Inc. (the "Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to SEC rules and regulations; nevertheless, management of the Company believes that the disclosures herein are adequate to make the information presented not misleading. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form S-1, declared effective by the SEC in November, 1991. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position of the Company with respect to the interim consolidated financial statements and the consolidated results of its operations and its cash flows for the interim periods then ended, have been included herein. The results of operations for the interim periods are not necessarily indicative of the results for the full year.

2. Acquisition of Hauch Medical Group, Inc.

On February 25, 1992, the Company acquired the outstanding shares of Hauch Medical Group, Inc. from Pacific Physician Services Medical Group, Inc. (PPSMG), an affiliate of the Company. The Company has elected to record the acquisition of the Hauch Medical Group assets, including $4,505,290 of goodwill and other intangibles, as of September 3, 1991. Intangibles are amortized on the straight-line basis over the estimated lives of the assets. Goodwill is being amortized over 25 years while other intangibles are amortized over lives ranging from 5 to 10 years. The ongoing Hauch operations have been included with those of the Company since September 3, 1991, as a result of the management agreement between PPSMG and the Company.

The following pro forma financial information (in thousands, except for per share data), sets forth pro forma combined results of operations for the three months and the six months ended January 31, 1991 and 1992, assuming the acquisition had taken place on August 1, 1990:

	Three Months Ended January 31,		Six Months Ended January 31,	
	1991	1992	1991	1992
Total revenue	$ 19,981	$ 24,253	$ 39,320	$ 47,574
Net income	$ 473	$ 952	$ 901	$ 1,610
Earnings per common share & common share equivalents				
Primary	$ .10	$ .14	$ .20	$ .28
Fully Diluted	$ .10	$ .14	$ .20	$ .28

The pro forma information may not be indicative of the results that actually would have occurred if the combination had been in effect on the dates indicated or which may be obtained in the future.

3. Securities issued

The Company completed an initial public offering of common stock on November 18, 1991, in which it issued 1,700,000 shares, and realized net proceeds of $17.3 million after deducting underwriters' commissions but before deducting other expenses of the offering.

On January 24, 1992, pursuant to the Stock Purchase Agreement, dated as of March 21, 1991, Loma Linda University Medical Center ("LLUMC") purchased 149,031 shares of the Registrant's restricted securities at an aggregate purchase price of $1,000,000 or $6.71 per share. Pursuant to said transaction, LLUMC is the beneficial owner of 7.23% of the Registrant's common stock.

4. Marketable Securities

The Company invests in U.S. government and agency obligations. The market value of marketable securities at January 31, 1992 was $15,525.000.

Part I: Financial Information
Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The following table sets forth certain income statement data expressed as a percentage of total operating revenue.

	Three Months Ended January 31,		Six Months Ended January 31,	
	1991	1992	1991	1992
Revenue:				
Operating Revenue	100.0%	100.0%	100.0%	100.0%
Interest and Other Income	.9	1.1	.9	.9
Total Revenue	100.9	101.1	100.9	100.9
Operating Expenses:				
Cost of affiliated physician services	55.8	52.2	56.1	53.9
Medical support & administrative costs	37.6	39.2	37.5	38.5
Depreciation and amortization	1.4	2.2	1.4	1.8
Interest expense	.3	.2	.3	.3
Total Operating Expenses	95.1	93.8	95.3	94.5
Income before income taxes	5.8	7.3	5.6	6.4
Provision for income taxes	2.6	3.3	2.5	2.9
NET INCOME	3.2%	4.0%	3.1%	3.5%

Three and Six Months Ended January 31, 1992
Compared to the Three and Six Months Ended January 31, 1991

Operating revenue increased 37.9% during the second quarter of fiscal 1992 to $24.0 million from $17.4 million in the corresponding quarter of the prior year. Managed care revenue increased 46.9% to $19.1 million in the second quarter of fiscal 1992 from $13.0 million in the same period of the prior year, representing 92.4% of the increase in total operating revenue. The increase in managed care revenue was due to an increase in the number of HMO enrollees to an average of 135,864 in the second quarter of fiscal 1992 from an average of 96,222 in the corresponding period of the prior year, an increase of 41.2%. As of January 31, 1992, enrollment was 137,049, increasing from 99,294 as of January 31, 1991. This increase reflects approximately 17,000 enrollees included due to the inclusion of the Hauch Medical Group, effective September 3, 1991, and approximately 5,000 enrollees acquired through the purchase of Inland Medical Center in November, 1991. Emergency physician services revenue increased 15.4% during the second quarter of fiscal 1992 to $3.0 million from $2.6 million in the second quarter of fiscal 1991. Fee-for-services revenue was substantially the same for the two periods.

Results of Operations

Total operating revenue for the six months ended January 31, 1992 increased to $46.4 million from $34.2 million achieved during the same period in the prior year, a 35.7% increase. Managed care revenue increased 44.4%, from $25.0 million to $36.1 million. The increase in managed care revenue was due largely to an increase in the number of HMO enrollees from an average of 94,096 to an average of 127,520, a 35.5% increase. Emergency physician services revenue for the six months ended January 31, 1992 was $6.4 million, a 16.4% increase from $5.5 million in revenue during the same period in the prior year.

The cost of affiliated physician services increased 28.9% to $12.5 million in the second quarter of fiscal 1992 from $9.7 million in the second quarter of fiscal 1991. For the six months ended January 31, 1992, the cost was $25.0 million as compared to $19.2 million for the prior year, a 30.2% increase. This increase in costs was associated with servicing higher enrollment and patient volume, including that of the Hauch Medical Group. As a percentage of operating revenue, these costs represented 52.2% in the second quarter of fiscal 1992, as compared to 55.8% in the corresponding quarter of the prior year. For the first six months of fiscal 1992 the cost of affiliated physician services was 53.9% of operating revenue, compared to 56.1% in the first six months of the prior year.

Medical support and administrative costs increased 44.6% from $6.5 million in the second quarter of fiscal 1991 to $9.4 million in the second quarter of fiscal 1992. This increase was principally attributable to the expenses associated with the operations of the Hauch Medical Group, and other in-house services associated with greater HMO enrollment. Medical support and administrative costs for the first six months in fiscal 1992 were $17.8 million compared to $12.8 million for the same period in 1991, a 39.1% increase.

On a combined basis, the cost of affiliated physician services and medical support and administrative costs decreased as a percentage of operating revenue to 91.4% in the second quarter of fiscal 1992 from 93.4% in the second quarter of fiscal 1991. For the six months ending January 31, 1992 these combined costs decreased to 92.4% of operating revenue from 93.6% in the prior year. This improvement resulted from increased overall operating efficiencies, including the Company's continuing emphasis on vertical integration and physician productivity.

Depreciation and amortization increased 106.0% from $250,000 in the second quarter of fiscal 1991 to $515,000 in the second quarter of fiscal 1992. For the six months ended January 31, 1992 depreciation and amortization increased to $830,000 from $470,000 in the prior year, a 76.6% increase. This increase was principally the result of the amortization of intangible assets acquired through the Hauch Medical Group affiliation and purchases of property, equipment and improvements of approximately $3,277,000.

Liquidity and Capital Resources

The Company believes that the net proceeds of its public offering in November, 1991, and existing cash balances, together with internally generated funds, will be sufficient to finance the operations and planned expansions through at least the end of fiscal 1992.

Exhibit 11

PACIFIC PHYSICIAN SERVICES, INC.
COMPUTATION OF EARNINGS PER SHARE OF COMMON STOCK
(In thousands, except per share amounts)

	Three Months Ended January 31,		Six Months Ended January 31,	
	1991	1992	1991	1992
Primary Earnings Per Share				
Weighted average shares outstanding	4,449	5,860	4,451	5,095
Dilutive shares issuable upon exercise of stock options	130	693	130	682
Primary weighted average shares of common stock and common stock equivalents outstanding	4,579	6,553	4,581	5,777
Net income	$ 550	$ 952	$1,056	$1,637
Earnings per share - primary	$ 0.12	$ 0.14	$ 0.23	$ 0.28
Fully Diluted Earnings Per Share				
Weighted average shares outstanding	4,449	5,860	4,451	5,095
Dilutive shares issuable upon exercise of stock options	130	814	130	814
Fully diluted weighted average shares of common stock and common stock equivalents outstanding	4,579	6,674	4,581	5,909
Net income	$ 550	$ 952	$1,056	$1,637
Earnings per share - fully diluted	$ 0.12	$ 0.14	$ 0.23	$ 0.28

Part II: Other Information

Item 1: Legal Proceedings

None

Item 2: Change in Securities

None

Item 3: Defaults Upon Senior Securities

None

Item 4: Submission of Matters to a Vote of Security Holders

None

Item 5: Other Materially Important Events

None

Item 6: Exhibits and Reports

(a) Exhibit 11 - Computation of Earnings per Share of Common Stock

(b) No reports on Form 8-K were filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PACIFIC PHYSICIAN SERVICES, INC.
(Registrant)

Date: 12 Mar 92 By:
Gary L. Groves, MD,
President

Date: Mar. 12, 1992 By: Carol R. Lyons
Carol R. Lyons, CPA,
Vice President and Controller

: ?. 30594

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

MAR 16 1992

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

PROC

Commission File Number: 33-31720-NY

PROCESS EQUIPMENT, INC

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

62-1407522
(I.R.S. Employer Identification No.)

130

PROCESSED BY

3329 Baumberg Avenue, Hayward, CA 94545
(Address of principal executive offices) (Zip Code)

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(510) 782-5122
(Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of February 29, 1992
Common Stock, $.001 par value	2,725,000

PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements

Index to Financial Statements

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CONSOLIDATED FINANCIAL STATEMENTS — Page

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PROCESS EQUIPMENT, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
January 31, 1992 (Unaudited) and April 30, 1991

	January 31, 1992	April 30, 1991
ASSETS		
Current Assets		
Cash	$ 10,421	$ 64,612
Accounts Receivable - Trade (Net of $10,000 Reserve for Bad Debts)	248,211	187,349
Notes Receivable	30,933	50,148
Inventory (Note 1)	485,806	457,533
Prepaid Expenses	12,150	22,445
Vendor Deposits (Note 2)	8,987	33,651
Total Current Assets	796,508	815,738
Property, Plant and Equipment (Net of $280,815 and $283,200 of accumulated depreciation) (Notes 1 and 3)	86,381	91,314
Cash Surrender Value - Life Insurance (Less Reserve of $5,000)(Note 4)	18,017	18,017
Total Assets	900,906	925,069
Liabilities and Stockholders' Equity		
Current Liabilities		
Notes and Lease payable - current portion (Notes 5 and 6)	454,509	232,194
Accounts Payable and Accrued Expenses	712,827	808,513
Customer Deposits (Note 1)	322,388	123,862
	1,489,724	1,164,569
Long Term Liabilities		
Notes and Leases payable (Notes 5 and 6)	34,644	130,121
Total Liabilities	1,524,368	1,294,690
Stockholders' Equity		
Common Stock, par value $.001; 25,000,000 shares authorized 2,725,000 and 2,680,000 shares issued and outstanding	2,725	2,680
Additional Paid in Capital	196,258	155,918
Retained Earnings (Deficit)	(822,445)	(528,219)
Total Equity	(623,462)	(369,621)
Total Liabilities and Stockholders' Equity	$ 900,906	$ 925,069

See Accompanying Footnotes

PROCESS EQUIPMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended January 31, 1992 and January 31, 1991
(Unaudited)

	January 31, 1992	January 31, 1991
Sales	$ 309,285	$ 447,012
Commissions	0	0
Total Revenues	309,285	447,012
Cost of Goods Sold	221,339	225,625
Gross Profit	87,946	221,387
Selling, General and Administrative Expenses	179,419	250,211
Income (Loss) Before Non-Recurring Item	(91,473)	(28,824)
Non- Recurring Item		
Expenses Incurred in Acquisition of Subsidiary	13,000	11,771
Income (Loss) From Operations	(104,473)	(40,595)
Other Income and (Expense)		
Other Income	304	229
Interest Expense	(14,946)	(9,696)
Foreign Currency Gains (Losses)	(208)	(8,040)
Income (Loss) Before Income Taxes	(119,323)	(58,102)
Income Taxes	0	0
Net Income (Loss)	$ (119,323)	$ (58,102)
Net Income (Loss) Per Share	$ (0.04)	$ (0.02)

See Accompanying Footnotes

PROCESS EQUIPMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Nine Months Ended January 31, 1992 and January 31, 1991
(Unaudited)

	January 31, 1992	January 31, 1991
Sales	$1,728,363	$2,664,752
Commissions	41,500	0
Total Revenues	1,769,863	2,664,752
Cost of Goods Sold	1,314,821	1,847,470
Gross Profit	455,042	817,282
Selling, General and Administrative Expenses	654,322	890,525
Income (Loss) Before Non-Recurring Item	(199,280)	(73,243)
Non- Recurring Item		
Expenses Incurred in Acquisition of Subsidiary	34,300	109,524
Income (Loss) From Operations	(233,580)	(182,767)
Other Income and (Expense)		
Other Income	373	7,875
Interest Expense	(46,423)	(31,176)
Loan Fee	(15,000)	0
Foreign Currency Gains (Losses)	1,204	(9,544)
Income (Loss) Before Income Taxes	(293,426)	(215,612)
Income Taxes	800	800
Net Income (Loss)	$ (294,226)	$ (216,412)
Net Income (Loss) Per Share	$ (0.11)	$ (0.08)

See Accompanying Footnotes

PROCESS EQUIPMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For The Nine Months Ended January 31, 1992
(Unaudited)

Cash Flow From Operational Activities:	
Net Loss	$ (294,226)
Adjustments to Reconcile Net Loss to Net Cash Used for Operating Activities:	
Depreciation and Amortization	22,615
Salaries Contributed by Officers	25,385
Stock Issued for Loan Fee	15,000
	(231,226)
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(60,862)
Decrease in Notes Receivable	19,215
Increase in Inventory	(28,273)
Decrease in Prepaid Expenses	10,295
Decrease in Vendor Deposits	24,664
Increase in Cash Surrender Value - Life Insurance	0
Decrease in Accounts Payable and Accrued Expenses	(95,686)
Increase in Customer Deposits	198,526
Net Cash Used in Operational Activities	(163,347)
Cash Flows From Investing Activities:	
Purchase of Fixed Assets	(17,682)
Cash Flows From Financing Activities:	
Principal Payments on Notes and Leases Payable	(41,367)
Proceeds From New Notes and Leases Payable	168,205
Net Cash Flow From Financing Activities	126,838
Net Decrease in Cash	(54,191)
Cash - Beginning	64,612
Cash - Ending	$ 10,421

See Accompanying Footnotes

PROCESS EQUIPMENT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Nine Months Ended January 31, 1992
(Unaudited)

	Common Stock		Additional Paid In Capital	Retained Earnings (Deficit)
	Shares	Amount		
Balance April 30, 1991	2,680,000	$ 2,680	$ 155,918	$ (528,219)
Proceeds from Stock Issuance	45,000	45	14,955	
Salaries Contributed by Officers			25,385	
Net Loss				(294,226)
Balance January 31, 1992	2,725,000	$ 2,725	$ 196,258	$ (822,445)

See Accompanying Footnotes

PROCESS EQUIPMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended January 31, 1992 (Unaudited)

ote 1 - Summary of Significant Accounting Policies

Business and Organization

Process Equipment, Inc. was organized under the laws of the State of Nevada on September 1, 1989. Process Engineers, Inc. was incorporated October 13, 1966 in the State of California. The principal business of the Company is the sales, service and manufacturing of equipment for the wine, food and bio-technology industries. Process Engineers, Inc. is a wholly-owned subsidiary of Process Equipment, Inc.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended January 31, 1992 are not necessarily indicative of the results that may be expected for the year ended April 30, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended April 30, 1991.

Fixed Assets

Fixed Assets are stated at cost and depreciated over their estimated allowable useful lives, utilizing both the straight-line and declining balance methods. Expenditures for major renewals and betterments that extend the useful lives of fixed assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Inventory

Inventory is stated at the lower of cost or market determined on the First-in, First-out basis.

Income Taxes

The Company has elected to be taxed under Subchapter C of the Internal Revenue Code. For income tax purposes, depreciation is computed using the accelerated cost recovery method and the modified accelerated cost recovery system.

Deferred Taxes

The Company incurs a timing difference in depreciation expense due to the difference in depreciation methods used for financial and income purposes. Due to its immateriality, no deferred tax adjustment is made.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. The consolidation was treated as a reverse acquisition.

PROCESS EQUIPMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended January 31, 1992 (Unaudited)

Earnings/Loss Per Share

Primary earnings per common share are computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the periods ended January 31, 1992 and 1991.

Customer Deposits

The Company collects deposits from various customers for custom-designed equipment and for certain large orders. The deposits are collected while the equipment is being designed and manufactured and are shown as a liability when collected. These funds become revenues when the equipment is completed and shipped to the customer.

Note 2 - Vendor Deposits

The Company has funds deposited with foreign vendors for imported equipment sales.

Note 3 - Property, Plant and Equipment

Transportation Equipment	$ 53,591
Office Equipment	123,176
Shop Equipment	174,322
Leasehold Improvement	16,107
Total	$367,196
Less: Accumulated Depreciation	280,815
	$ 86,381

Note 4 - Cash Surrender Value - Officers Life Insurance

The Company purchased whole life insurance policies on the lives of its stockholders and officers. The cash surrender value has been reserved against, as the policy at January 31, 1992 and April 30, 1991 was with Executive Life, which has been seized by the California State Insurance Commission.

Note 5 - Leasing Arrangements

Capital Lease

The Company leases certain equipment under noncancellable capital leases with various expiration dates. Assets recorded under these leases as of January 31, 1992 consist of the following:

Equipment	$ 69,650
Less accumulated amortization	22,793
	$ 46,857

Operating Lease

The Company conducts its operations from facilities that are leased from a partnership, which is owned by two of the former stockholders of Process Engineers, Inc. The initial term of the operating lease is for ten years. There is an option to extend the lease for two consecutive five-year periods.

Rental expenses amounted to $46,928 for each of the nine month periods ended January 31, 1992 and 1991.

Future Minimum Lease Payments

Future minimum lease payments for capital and operating leases at January 31, 1992 are:

Years Ending January 31,	Capital Lease	Operating Lease	Total
1993	$ 23,615	$ 62,571	$ 86,186
1994	11,413	10,428	21,841
1995	5,445		5,445
Total Minimum Payments	$ 40,473	$ 72,999	$113,472
Less Interest Portion	5,562		
Present Value of Minimum Lease Payments	$ 34,911		
Less Current Portion	20,267		
	$ 14,644		

Note 6 - Notes and Leases Payable

Notes Payable consists of the following:

Note Payable - D & J Pera Partnership Demand Note, unsecured and interest bearing at 10%, no scheduled repayment plan.	$ 20,000
Leases Payable (See Note 5)	34,911
Notes Payable - Former Shareholders Notes payable due September 15, 1992 with interest payable quarterly at a rate of 10%, secured by the depreciable property, plant and equipment.	70,681

PROCESS EQUIPMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended January 31, 1992 (Unaudited)

Note Payable - Stockholder	
Note Payable due September 15, 1992 with interest payable quarterly at a rate of 10%, secured by the depreciable property, plant and equipment.	23,561
Note Payable - Randolph Pace	
Note Payable due March 30, 1992 with interest payable at maturity at a rate of 12%, secured by the inventory of stainless steel parts and components.	150,000
Note Payable - Associate of Stockholder	
Note Payable due June 30, 1992 with interest payable monthly at a rate of 12%, secured by the accounts receivable of the Company.	85,000
Notes Payable - Stockholders	
Unsecured notes payable due January 1, 1993 with interest payable at maturity at a rate of 9%.	105,000
Total Liabilities	$489,153
Less Current Portion	454,509
	$ 34,644

Note 7 - Stock Option Plan

In July 1990, the Company's 1990 Stock Option Plan (the "Plan") was adopted by the Company's Board of Directors. Under the Plan, up to 345,400 shares of Common Stock, as adjusted for the number of shares covered by any stock appreciation rights ("SARs") which are exercised and certain changes in the Company's capitalization to prevent dilution, may be issued upon the exercise of options or SARs. Options and SARs may be granted under the Plan to officers, directors or other key employees of the Company, and to other individuals whose participation in the Plan is deemed to be in the Company's interest, by a committee appointed by the Company's Board of Directors (the "Committee"). Robert L. Lundak, H. Douglas Power and George P. Cortessis will serve as the initial members of the Committee and are not eligible to receive options under the Plan. On July 1, 1990, the Company granted options to four employees. In November, 1990 one of the four left full-time employment with the Company and their options were terminated. Each option entitles the holder to purchase up to 15,000 shares of Common Stock (subject to antidilution adjustments) at $5.50 per share. Each such option becomes exercisable with respect to 5,000 shares on and after January 1, 1991, July 1, 1991 and July 1, 1992 and expires on August 31, 1992. As of February 29, 1992 no options have been exercised.

PROCESS EQUIPMENT, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended January 31, 1992 (Unaudited)

Note 8 - Research and Development

During the nine months ended January 31, 1992, the Company incurred expenditures for research and development totalling $50,000 as compared to $135,000 for the nine months ended January 31, 1991.

Note 9 - Employment Agreements

The Company entered into three-year Employment Agreements with H. Douglas Power, Robert L. Lundak, and George P. Cortessis, each commencing as of April 18, 1990. Each agreement contains confidentiality and non-compete provisions. Under the Employment Agreements, each officer is entitled to a salary of $64,000 per year, vacation, sick leave, insurance, medical and similar benefits. By agreement of the Company's Board of Directors and its officers, each officers' salary is currently $60,000 per year which they are currently being paid. During the nine months ended January 31, 1992, the officers waived $25,385 of salaries accrued during the fiscal year ended April 30, 1991. These amounts have been expensed and charged to additional paid in capital. Mr. Power's agreement was terminated in July 1991 when he left full-time employment with Process Engineers.

Note 10 - Outstanding Warrants

As part of its public offering, the Company offered and sold 36,000 Units, consisting of one share of Common Stock, 12 Redeemable Class A Common Stock Purchase Warrants ("Class A Warrants"), and 12 Redeemable Class B Common Stock Purchase Warrants ("Class B Warrants"). The Company also issued to the underwriter for its initial public offering 3,600 Underwriter's Warrants (together with the Class A Warrants and the Class B Warrants, the "Warrants"), which entitle the holder to purchase 3,600 Units at a price of $6.42 per Unit for a period of 48 months commencing on February 14, 1991. Each Class A Warrant is exercisable by the holder to purchase one share of Common Stock at an exercise price of $1.25 until February 14, 1993. Each Class B Warrant is exercisable by the holder to purchase one share of Common Stock at an exercise price of $1.25 until February 14, 1994.

The Warrants contain customary antidilution provisions regarding certain events, including but not limited to share dividends, split ups, and reclassifications. Upon any subdivision, consolidation or reclassification of the Company's shares, if the outstanding shares of Common Stock are divided into a different number or different classes of shares, the exercise prices and numbers and types of shares purchasable under the Warrants shall be proportionately adjusted. Upon consolidation or merger of the Company, Warrant holders shall, upon exercise of their Warrants, generally be entitled to purchase the securities or property to which a holder of the same number of shares issuable upon exercises of the Warrants would have been entitiled to receive upon such consolidation or merger. The Warrants will not entitle their holders to any voting rights or dividends. In the event of any dissolution or winding up of the Company, the Warrants will not entitle their holders to participate in a distribution of the Company assets. The Class A and Class B Warrants are subject to redemption by the Company upon 30 days prior written notice to the Class A and Class B Warrant holders of record. The redemption price is $0.01 per Class A and Class B Warrant. The Underwriters' Warrants are not redeemable.

Note 11 - Certain Transactions With Management

On June 14, 1991, Process Engineers borrowed $45,000 from its President, Dr. Robert Lundak to help repay a bank line of credit pursuant to the terms of an unsecured promissory note due January 1, 1993, which bears interest at nine percent per annum. As of May 31, 1991, Process Engineers borrowed $145,000 from the Company's shareholders and their associates to repay $145,000 outstanding on another bank line of credit. Process Engineers borrowed $25,000 from H. Douglas Power, the Company's director, $35,000 from George P. Cortessis, the Company's Secretary, Treasurer and director, and $85,000 from relatives of Mr. Cortessis. In connection with such borrowings, the Company issued unsecured promissory notes to Mr. Power and Mr. Cortessis which bear interest at a rate of nine percent per annum and are due January 1, 1993. The Company issued a promissory note to the relatives of Mr. Cortessis which is secured by the Company's accounts receivable, bears interest at 12% and is payable June 30, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

On April 18, 1990, by issuing 2,144,000 shares of its Common Stock, Process Equipment, Inc. acquired all of the shares of Process Engineers, Inc. ("Process Engineers"), an operating company which supplies products and services to manufacturers in the wine, food and bio-technology industries. Except for the infusion of the cash assets held by the Company at the time of its acquisition of Process Engineers, the business of the Company is the business of Process Engineers. Even though the Company is the legal acquiring entity in the acquisition, Process Engineers is considered to be the acquiring company for accounting purposes because the former shareholders of Process Engineers hold the majority of the Company's outstanding shares. Thus, the Company's acquisition of Process Engineers is treated for accounting purposes as a reverse acquisition wherein substantively Process Engineers acquired the Company with the accounts of the Company reflected at their book value from the date of acquisition forward. As such, no goodwill is recorded at the acquisition date. As used below, "the Company" refers to Process Engineers and the Company together, unless the context requires otherwise.

A majority of the Company's revenues has traditionally come from its business of providing products and services for the wine and food industries, with wineries accounting for most of those revenues. However, the Company in recent years has sought to develop and market bio-technology products and services which utilize components and technologies similar to those used in the corporation's wine and food business. Management anticipates that the Company's sales growth in future years will come primarily from bio-technology products and services; however, such products and services are subject to the unforeseeable risks, expenses and problems typically associated with a new business.

The Company's sales of products and services to wineries occur primarily in the months before and during the August-October "crush" period. Since such sales presently account for a majority of the Company's revenues, this seasonality has and will cause the Company's revenues, earnings and cash needs and resources to vary substantially from quarter to quarter.

Results of Operations

Total sales of the Company during the three months and nine months ended January 31, 1992 decreased by $137,727 and $894,889 from sales for the corresponding periods ending January 31, 1991. Such decreases resulted from a $61,322 decrease (from $162,021 to $100,699) for the three-month periods, and from a $404,913 decrease (from $1,402,424 to $997,511) for the nine-month periods, in revenues from sales of wine and food products and services. Management believes that the decreases in wine and food sales were due, in large part, to the effects of weaknesses in the current economy on the wine industry and to the fact that new taxes were imposed upon wineries during 1991 based upon the amount of inventory on hand. These two factors caused a decrease in wine and food production and a decrease in equipment purchases by wineries and food companies. Sales of biotechnology products and services for the three months and nine months ended January 31, 1992 decreased by $76,405 (from $284,991 to $208,586) and by $489,976 (from $1,262,328 to $772,352) over the corresponding periods ending January 31, 1991. Management believes that this decrease resulted primarily from the generally recessionary economy that existed during 1991 and its negative effect on the demand for products of and equipment and services used by producers of bio-technology products. However, management continues to believe that the Company's sales growth in future years, if any, will come primarily from sales of products and services to customers in the bio-technology industry. This is evidenced by the fact that as of February 28, 1992 the Company had a backlog of firm orders from bio-technology customers in excess of $700,000. These orders will generally be completed within three months and recorded as revenues.

Cost of goods sold for the three months and nine months ended January 31, 1992 decreased by $4,286 and $532,649 over the prior periods. The gross profit for the three months and nine months ended January 31, 1992 decreased by $133,441 and $362,240 over the prior periods The gross profit margin decreased from 50% and 31% for the three months and nine months ended January 31, 1991 to 28% and 26% for the corresponding periods ending January 31, 1992. The decrease in gross profit margin for the three months ended January 31, 1992 as compared to the three months ended January 31, 1991 was due mainly to the fact that during the three months ended January 31, 1991, a significant portion of the revenues was from sales of equipment that were engineering intensive. These projects contained a great deal of engineering time which is billed at a much higher margin than the raw materials and the labor that is used to manufacture the equipment. The decrease in gross profit margin for the nine months ended January 31, 1992 as compared to the nine months ended January 31, 1991 was due to the reason stated above for the three month periods as well as the fact that revenues from the sales of bio-technology products and services accounted for 43% of the total revenues for the nine months ended January 31, 1992 as compared to 47% of total revenues for the nine months ended January 31, 1992. Bio-technology products and services are generally sold at a higher margin that products and services sold to the wine and food industries.

Selling, general and administrative expenses for the three-month and nine-month periods ended January 31, 1992 decreased by $70,792 and $236,203 from the corresponding period ending January 31, 1991. These decreases were due to reductions in such expenses implemented by management to conform to lower sales volumes. These decreases included layoffs of certain personnel which were done in order to conform to the lower sales volume. Nonrecurring expenses related to the acquisition of Process Engineers by the Company, together with reduced sales, resulted in the Company realizing a net loss for the period ending January 31, 1992.

Liquidity and Capital Resources

The Company has in recent years financed its operations primarily with operating revenues and loans from various institutional and individual lenders, most of whom are affiliates. As of May 31, 1991, Process Engineers borrowed $145,000 from the Company's shareholders and relatives of one of the Company's officers to repay a bank line of credit. In connection with such borrowings, Process Engineers issued unsecured promissory notes for $35,000 and $25,000 to the Company's officer and director, George P. Cortessis, and its director H. Douglas Power, respectively. These notes bear an interst rate of 9% and are due January 1, 1993. Process Engineers also issued a promissory note for $85,000 to relatives of Mr. Cortessis. This note is secured by the Company's accounts receivable, bears interest at a rate of 12% and is payable June 30, 1992. Management intends to use proceeds from Warrant exercises, if any, to repay all or a portion of the $85,000 note. As of June 14, 1991, the Company borrowed $45,000 from Dr. Robert Lundak, the Company's president to repay a bank line of credit. The Company issued Dr. Lundak an unsecured promissory note due January 1, 1993 which bears interest at a rate of 9% per annum.

In May, 1991 the Company borrowed $150,000 and issued a promissory note to an unaffiliated, individual lender. The note has a 12% interest rate, is payable March 30, 1992 and is secured by an interest in the Company's inventory of stainless steel parts and components. In partial consideration for the amount borrowed under the note, the Company issued the lender 45,000 shares of Common Stock. Management intends to pay all or a portion of the amount due on the note with proceeds from the Warrant exercises, if any.

If all of the Warrants are exercised, management intends to use $110,000 from such proceeds to hire and train additional manufacturing personnel and to acquire new manufacturing equipment for the Company's facility. In addition, management intends to use $50,000 of such proceeds to hire an additional marketing person and to advertise the Company's products in certain publications. Management also estimates that approximatly $80,000 in proceeds from Warrant exercises will be used to hire additional engineering personnel, to purchase additional automated engineering equipment and to upgrade existing wine and bio-technology systems. Assuming all of the Warrants are exercised, management intends to use up to $329,242 from such proceeds to repay part of the Company's outstanding debt.

The proposed expansions of the Company's activities set forth in the preceeding paragraph are expected to result in greater revenues and profits from operations. If no or a minimal number of Warrants are exercised, the proposed expansions will likely be curtailed. At January 31, 1992, the Company had a working capital deficit of $693,216 with the current portion of notes and leases payable equal to $454,509. Based on sales projections during the next twelve months and continuing decreases in selling, general and administrative expenses, management believes that, although the Company has incurred losses for the years ending April 30, 1991 and 1990 and the nine months ended January 31 1992, the Company should receive sufficient working capital from operations to meet its cash requirements for operations during the next twelve months. No assurance can be given, however, that economic or other factors will not adversely affect actual sales. In addition, if no or a minimal number of Warrants are exercised, the Company will need to raise additional funds through borrowings, issuances of equity securities or other sources to pay off all or portions of the short term loan indebtedness totalling $329,242 which is intended to be paid with proceeds from Warrant exercises. Management has received verbal assurances from the lenders of $235,000 of such debt that if proceeds are not available from Warrant exercises or other sources, the Company will be able to renegotiate the loans into long-term notes which may be repaid from working capital generated from operations. If sufficient proceeds are not available from Warrant exercises, management believes that the Company should receive sufficient working capital from operations during the August to October wine "crush" period to pay off the addtional $92,242 in loan indebtedness. If the Company does not receive sufficient working capital to repay such $92,242 debt, management believes that it will be able to renegotiate the terms of the debt into long-term notes since all of such debt is owed to current and former shareholders of the Company. As of February 28, 1992, the Company has not secured any sources of additional financing. No assurance can be given that there will not be continued losses from operations or that operating profits will be sufficient to satisfy the Company's cash needs. Should the Company require additional debt or equity financing to repay indebtedness or finance its operations, there is no assurance that it will be able to obtain such financing when required or that such financing, if obtained, would be on favorable terms and conditions.

PART II. OTHER INFORMATION

Not Applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PROCESS EQUIPMENT, INC.

By:
Robert L. Lundak
President and
Chief Accounting Officer

Date: March 12, 1992

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

RECD S.E.C.
MAR 16 1992
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(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992.

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________.

PROCESSED BY
12-12-2
MAR 19 1992
/30

Commission file number 33-38051

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

SF SERVICES, INC.
(Exact name of registrant as specified in its charter)

ARKANSAS
(State or other jurisdiction of incorporation or organization)

71-0220282
(IRS Employer Identification Number)

824 NORTH PALM, NORTH LITTLE ROCK, ARKANSAS 72119
(Address of principal executive offices)
(Zip Code)

(501) 945-2371
(Registrant's telephone number, including area code)

Indicate by checkmark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No ___

Indicate the number of shares outstanding of each of issuer's class of common stock as of March 13, 1992:

Common Stock 134

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No. Exhibit Index Appears
in this filing.

SF SERVICES, INC.
AND SUBSIDIARIES

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Page Number

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Part I. Financial Information

Item 1. Financial Statements

SF SERVICES, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	JANUARY 31, 1992 Unaudited	OCTOBER 31, 1991
CURRENT ASSETS		
Cash	$ 2,508,280	$ 2,014,894
Accounts and notes receivable, net	27,607,112	30,923,321
Inventories	46,463,748	38,952,934
Prepaid expenses	691,911	802,179
Total Current Assets	77,271,051	72,693,328
INVESTMENTS AND LONG-TERM RECEIVABLES		
Investments in other cooperatives	36,659,939	36,616,049
Other	2,442,181	2,444,170
Total investments and long-term receivables	39,102,120	39,060,219
PROPERTY, PLANT AND EQUIPMENT, At Cost	38,637,178	38,490,028
Less accumulated depreciation	12,867,678	12,381,796
Net property, plant and equipment	25,769,500	26,108,232
OTHER ASSETS	375,430	382,061
TOTAL ASSETS	$142,518,101	$138,243,840

LIABILITIES AND MEMBERS' EQUITY

	JANUARY 31, 1992 Unaudited	OCTOBER 31, 1991
CURRENT LIABILITIES		
Notes payable	$ 25,931,373	$ 29,109,473
Current maturities of long-term debt	2,095,604	291,804
Accounts payable	26,601,362	18,609,826
Patrons' deposits	8,109,052	5,755,313
Patronage dividend payable	2,634,136	2,634,136
Accrued expenses and other current liabilities	2,433,158	3,411,743
Total current Liabilities	67,804,685	59,812,295
LONG-TERM DEBT, LESS CURRENT MATURITIES	30,393,918	32,198,718
OTHER LIABILITIES	1,676,924	1,856,690
MEMBERS' EQUITY	42,642,574	44,376,137
TOTAL LIABILITIES AND MEMBERS EQUITY	$142,518,101	$138,243,840

See notes to Condensed Consolidated Financial Statements

SF SERVICES, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended January 31,	
	1992	1991
NET SALES	$ 52,625,669	$39,270,837
COST OF GOODS SOLD	48,638,279	36,562,864
GROSS PROFIT	3,987,390	2,707,973
OPERATING EXPENSES	4,960,693	2,505,263
INCOME FROM OPERATIONS (LOSS)	(973,303)	202,710
OTHER INCOME (EXPENSES)		
Interest, net	(919,680)	(795,660)
Miscellaneous	163,420	107,039
	(756,260)	(688,621)
NET LOSS	$(1,729,563)	$ (485,911)

See Notes to Condensed Consolidated Financial Statements

SF SERVICES, INC.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended January, 31	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$(1,729,563)	$ (485,911)
Items not requiring (Providing) cash		
Depreciation and amortization	485,882	206,414
Non-cash portion of patronage dividends received from cooperatives	(43,890)	(143,562)
Gain on sale of fixed assets	(71,674)	
Changes in operating assets and liabilities, net of effects from acquisition of CCFA assets		
Accounts and notes receivable	3,316,209	(1,955,960)
Inventories	(7,510,814)	(4,732,311)
Prepaid expenses and other	118,888	47,536
Accounts payable	7,991,536	3,473,539
Accrued expenses and other liabilities	(1,158,351)	(289,308)
Net cash (used in) provided by operating activities	1,398,223	(3,879,563)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(147,150)	(427,925)
Proceeds from sale of fixed assets	71,674	
Proceeds from long term receivable		410,800
Redemption of stock in other cooperatives		12,714
Acquisition of CCFA assets		(2,106,228)
Change in other assets and investments		(259,659)
Net cash used in investing activities	(75,476)	(2,370,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	9,925,000	6,250,000
Repayments on borrowings	(13,104,100)	(410,800)
Redemption of common stock	(4,000)	
Net change in deposits	2,353,739	1,723,692
Purchase of SF Services equities from CCFA		(1,295,750)
Net cash (used in) provided by financing activities	(829,361)	6,267,142
NET INCREASE IN CASH	493,386	17,281
CASH, BEGINNING OF PERIOD	2,014,894	292,482
CASH, END OF PERIOD	$ 2,508,280	$ 309,763

See Notes to Condensed Consolidated Financial Statements

SF SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
THREE MONTHS ENDED JANUARY 31, 1992
(UNAUDITED)

	Common Stock	Preferred Stock				Capital Cert.	Retained Earnings (Deficit)	Allocated Equities	Total
		Class "A"	Class "B"	Class "C"	Class "D"				
Balance October 31, 1991	$ 138 000	$2,185,300	$ 738,225	$1,780,861	$1,786,800	$ 157,399	$ 960,328	$36,629,224	$44,376
Retirement of Stock	(4,000)								(4
Net Loss							(1,729,563)		(1,729
Balance, January 31, 1992	$ 134,000	$2,185,300	$ 738,225	$ 1,780,861	$1,786,800	$ 157,399	($ 769,235)	$36,629,224	$42,642

See Notes to Condensed Consolidated Financial Statements

SF SERVICES, INC.
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1: FINANCIAL STATEMENTS

The condensed consolidated balance sheet as of January 31, 1992, the condensed consolidated statements of operations and statements of cash flows for the three month periods ended January 31, 1992 and 1991, and the condensed consolidated statement of changes in members' equity for the three months ended January 31, 1992, have been prepared by the Company, without audit. In the opinion of management, all adjustments (consisting only of normal recurring items) necessary to present fairly the financial position, results of operations and cash flows at January 31, 1992 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's October 31, 1991 audited financial statements. The results of operations for the periods ended January 31, 1992 and 1991, are not necessarily indicative of the operating results for the full year.

NOTE 2: CONTINGENCIES

The cooperative guaranteed loans of members to CoBank totalling $350,000 at January 31, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The primary products sold by SF Services, Inc. include farm supply products, agricultural seeds, animal and fish feeds, agricultural fertilizers, agricultural chemicals, and petroleum products purchased primarily by agriculture producers. Weather, federal farm programs, and commodity prices impact the unit demand for the products sold by SF services, Inc. Primarily the seed, fertilizer, chemical, and animal feed divisions of SF Services, Inc. may be impacted seasonally by changes in ingredient prices which create changes in the dollar volume of sales. SF Services, Inc.'s business cycle is highly seasonal and can be advanced or delayed by wet, dry, hot, or cold weather conditions. Results of operations for the three months ended January 31, 1992 and January 31, 1991 reflect the seasonality of SF Services, Inc.'s business. Results for the period are not indicative of results expected for a full fiscal year.

SF Services, Inc. at the end of the first quarter of 1991 was in the process of finalizing the Asset and Equity Exchange agreement with MFC Services of Madison, Mississippi. All regulatory approvals were obtained in February, 1991 and the transaction was consumated on February 24, 1991. The transaction has resulted in significant increases in sales volume for SF Services, Inc. for the first quarter of 1992 as compared to the first quarter of 1991.

Comparative Analysis of the Quarters Ended January 31, 1992 and January 31, 1991.

Net sales increased 34% for the quarter ended January 31, 1992 over the comparable quarter of the prior year. The completion of the MFC acquisition accounted for 100% of the increase. The 34% increase in sales is accounted for by product classification as per the following information. Increased agricultural chemicals sales accounted for approximately 26% of the total increase in sales. Sales increases attributed to previous MFC customers accounted for approximately 97% of the increase in chemical sales. The remaining 3% increase in chemical sales resulted from increased unit sales price. Increased fertilizer sales accounted for approximately 2.6% of the increase in sales. Unit sales increased by approximately 29%. The MFC acquisition accounted for 100% of the increase in fertilizer sales. The increase in unit sales of fertilizer for the first quarter of 1992 as compared to the first quarter of 1991 was offset in total sales by a decrease in per unit prices. Unit prices in the first quarter of 1992 were approximately 20% lower than unit prices in the first quarter of 1991. During 1991 there were increases in market prices due to concern of possible supply interruption as a result of the war with Iraq. After the successful completion of the war, unit prices decreased and this decrease is reflected in the first quarter of 1992. Increased seed sales accounted for 9% of the total increase in sales. The MFC acquisition accounted for 60% of the increase in seed sales. Other increases in sales of corn and cotton seed accounted for 40% of the increase. Unit prices in the first quarter of 1992 remained constant as compared to the first quarter of 1991. Increased tires, batteries, and auto accessories sales accounted for approximately 2% of the total increase in sales. All of the increase in tires, batteries, and auto accessories sales can be identified with the increase in sales resulting from the MFC acquisition. Petroleum fuel sales decreased by $2.6 million for the first quarter of 1992 as compared to the first quarter of 1991. This decrease is netted in the 34% total increase in sales for SF Services, Inc. Decreases in unit prices due to stabilization of market prices after the war with Iraq resulted in a $3.0 million decrease in sales. However, this decrease was offset by new business due to sales in the former MFC trade territory. Increased farm supply sales including steel, twine, and rope products, accounted for 2% of the total increase in sales. The MFC acquisition accounted for 100% of the increase in farm supply sales. Increased feed sales accounted for 61% of the total increase in sales. The MFC acquisition accounted for 100% of the increase in feed sales. Increase animal health sales accounted for 8% of the total increase in sales. The MFC acquisition accounted for 100% of the increase in animal health sales.

Gross profit increased by 47% for the quarter ended January 31, 1992, over the comparable quarter of the prior year. The MFC acquisition accounted for 100% of the increase. The 1992 gross profit was 7.6% of net sales for the quarter ended January 31, 1992 compared to a gross profit of 6.9% of net sales for the quarter ended January 31, 1991. Fertilizer gross profit accounted for 9.5% of the total gross margin for the quarter ended January 31, 1992. The gross margin for fertilizer for the quarter ended January 31, 1992 was 4.5% of net sales compared to a gross profit of 4.4% of net sales for the quarter ended January 31, 1991. On a yearly basis approximately 90% of fertilizer gross profit consists of the patronage dividend earned from Mississippi Chemical Corporation purchases. No patronage dividends from Mississippi Chemical Corporation were recorded in the quarter ended January 31, 1992, or 1991 since patronage dividends are recorded when declared by the paying cooperative. When patronage dividends are received from Mississippi Chemical Corporation, cost of goods sold will be reduced. Feed gross profit accounted for 1% of the total gross profit for the quarter ended January 31, 1992. The gross profit for feed for the quarter ended January 31, 1992 was 1.9% of sales compared to 3.3% of sales for the quarter ended January 31, 1991. This decrease in gross margin percent is due to slightly higher manufacturing cost. Animal health gross profit accounted for .6% of total gross profit for the quarter ended January 31, 1992. The gross profit for animal health for the quarter ended January 31, 1992 was 6.8% of sales compared to

11.7% of sales for the quarter ended January 31, 1991. This decrease in gross margin percent was the result of increased costs during the quarter. Farm Supply gross profit accounted for 24% of the total gross profit for the quarter ended January 31, 1992. The gross profit for Farm Supply for the quarter ended January 31, 1992 was 14.8% of sales compared to 7.9% of sales for the quarter ended January 31, 1991. Farm Supplies' gross profit accounted for 27% of the total gross profit for the quarter ended January 31, 1992. The gross profit for chemicals for the quarter ended January 31, 1992 was 16.2% of sales compared to 13.1% of sales for the quarter ended January 31, 1991. This increase in gross profit is due primarily to improved dealer commission which reduces cost of sales. Seed gross profit accounted for .7% of the total gross profit for the quarter ended January 31, 1992. The gross profit for seed for the quarter ended January 31, 1992 was 10.4% of sales compared to 8.1% of sales for the quarter ended January 31, 1991. This increase in gross profit percent is due to seasonal changes in product mix. Tires, batteries, and accessories (TBA) gross profit accounted for 14.2% of the total gross profit for the quarter ended January 31, 1992. The gross profit for TBA for the quarter ended January 31, 1992 was 17.7% of sales compared to 19.6% of sales for the quarter ended January 31, 1991. This decrease in gross margin percent is due to a minor change in unit prices during the 1992 quarter. Petroleum products gross profit accounted for .5% of the total gross profit for the quarter ended January 31, 1992. The gross profit for petroleum for the quarter ended January 31, 1992 was 3.8% of sales compared to 1.8% of sales for the quarter ended January 31, 1991. This increase in gross profit percent is due to the reduced per unit market price of unit sales in 1992 as compared to 1991 resulting from the successful settlement of the war with Iraq after the first quarter of 1991.

Operating expenses were 98% higher for the quarter ended January 31, 1992 over the comparable quarter of the prior year. Of this increase, 100% can be identified with higher operating expenses incurred to maintain the higher sales volume created by the MFC acquisition. Also, during the transition period, which includes the period required to combine the operating and administrative divisions of MFC with the operating and administrative divisions of SF Services, operating expenses are higher than they will be once the transition period ends. This transition period is expected to continue during the remainder of the 1992 fiscal year and end in the 1993 fiscal year.

Net interest expense increased by 15.5% due to the impact of the acquisition of MFC Services. Increases in sales, inventories, and accounts receivable as a result of the MFC acquisition resulted in the need for higher seasonal borrowing on SF Services' loan with the National Bank for Cooperatives. The cost of the increased seasonal borrowing on SF Services' loan with the National Bank for Cooperatives was less for the quarter ended January 31, 1992 due to a reduction of approximately 150 basis points in the interest rate charged on the loan balance for the quarter ended January 31, 1992 as compared to the rate charged in the first quarter of 1991.

Financial Condition

For the quarter ended January 31, 1992, operating activities provided SF Services with $1,398,223 of cash compared to a use of cash in operating activities of $3,879,563 for the comparable period in 1991. The cash provided by operating activities in 1992 was primarily the result of a decrease from October 31, 1991 of $3,316,209 in accounts receivable and an increase in accounts payable of $8,983,562.. Reducing the above cash provided by accounts receivable and accounts payable was a $7,510,814 increase in inventories required to service the higher sales volume of SF Services and a decrease of $2,150,377 in accrued expenses and other liabilities. The reduction in accounts receivable and increase in accounts payable for the first quarter of 1992 along with the change in inventories and accrued expenses reflect the seasonal changes of SF Services financial needs in preparation for the spring planting season.

Cash used in investing activities of $75,476 included the $147,150 purchase of miscellaneous replacement parts and equipment for SF Services, Inc.'s facilities and cash provided from the sale of miscellaneous fixed assets totalling $71,674.

Cash to fund operations and investing activities was provided primarily by borrowings from the National Bank for Cooperatives and short-term borrowings from members.

At January 31, 1992, SF Services, Inc. had working capital of $9.4 million compared to $12.8 million at October 31, 1991. The ratio of current assets to current liabilities was 1.14 to 1 at January 31, 1992, compared to 1.22 to 1 at October 31, 1991. Short-term borrowings at January 31, 1992 were $28.0 million compared to $29.4 million at October 31, 1991. The decrease in short-term borrowings was the result of the increased use of seasonal trade accounts payable to finance inventory increases prior to the spring planting season and the seasonal decreases in accounts receivable due from members and other trade customers. Members' equity decreased from $44.4 million at October 31, 1991, to $42.6 million at January 31, 1992. The net decrease in Members' equity was caused by the combination of the net loss of $1,729,563 for the quarter ended January 31, 1992, and the $4,000 redemption of membership stock for members no longer qualifying for membership. Long-term debt to total liabilities and Members' equity decreased to 21.3% at January 31, 1992 compared to 23.3% at October 31, 1991 as a result of the transfer to current maturities the $1,750,000 payment due November 1, 1992 on the National Bank for Cooperatives term loan payable.

Historically, most of SF services, Inc.'s financing has been with the National Bank for Cooperatives (CoBank). In connection with the MFC Asset and Equity Exchange Agreement, CoBank has provided a $30 million term loan and $40 million of seasonal credit to SF Services effective March, 1991. The seasonal credit line expires April 1, 1992. The seasonal credit line has historically been renewed for twelve months each year to meet SF Services, Inc.'s seasonal needs. Management anticipates this seasonal financing from CoBank will be renewed on April 1, 1992.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
None
(b) Reports on Form 8-K
None

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SF SERVICES, INC.

Date: March 13, 1992

Robert P. Dixon
President

Date: March 13, 1992

John A. Gaston
Senior Vice President
(Principal Financial Officer)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Under Section 13 of 15(d) of
The Securities Exchange Act of 1934

For the Quarter Ended January 31, 1992 Commission File No. 0-15200

TEXAS SECURITIES, INC.
(Exact name of Registrant as specified in its charter)

Utah
(State or other jurisdiction of incorporation or organization)

PROCESSED BY
MAR 30 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

75-1589073
(I.R.S. Employer Identification No.)

4200 South Hulen, Suite 536
Fort Worth, Texas
(Address of principal executive offices)

L30

76109
(Zip Code)

Registrant's telephone number,
including area code: (817) 732-0130

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's shares of stock, as of the latest practicable date.

Class	Outstanding At January 31, 1992
Common stock, $.001 par value	11,873,760
Preferred stock, Class A, $1.00 par value	10,300

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TEXAS SECURITIES, INC. AND SUBSIDIARIES
FORM 10-Q
PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TEXAS SECURITIES, INC.
BALANCE SHEET

	July 31 1991	January 31 1992 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash	$36,723	$1,765
Deposits with clearing organizations	21,763	22,585
Securities owned at market value	387,343	275,985
Receivable from broker/dealers	38,193	3,578
Investment Banking receivable	30,500	97,000
Notes receivable - related parties (Note 9)	138,878	138,878
Advances	500	
Accrued interest receivable	17,553	888
Property and equipment (at cost less accumulated depreciation) (Note 5)	24,612	22,039
Other assets	6,430	
TOTAL ASSETS	$702,495	$562,718

The accompanying footnotes form an integral part of these financial statements.

TEXAS SECURITIES, INC. AND SUBSIDIARIES
BALANCE SHEET

LIABILITIES

	July 31 1991	January 31 1992 (Unaudited)
Accounts payable	20,000	20,000
Accrued expenses	4,469	
Settlement payable (Note 12)	56,645	34,781
Trade date payable		1,431
TOTAL LIABILITIES	81,114	56,212

SHAREHOLDERS' EQUITY

	July 31 1991	January 31 1992 (Unaudited)
Dividends - Preferred		(5,519)
Preferred stock (Note 8)	10,300	10,300
Common stock	11,874	11,874
Additional paid-in capital (Note 11)	1,770,593	1,770,593
Retained earnings (deficit) (Note 11)	(1,171,386)	(1,280,742)
TOTAL SHAREHOLDERS' EQUITY	621,381	506,506
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$702,495	562,718

The accompanying footnotes form an integral part of these financial statements.

TEXAS SECURITIES, INC. AND SUBSIDIARIES=ES
STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended January 31 1991	 January 31 1992
Revenues		
Commissions	$271,510	$465,607
Net dealer inventory and investment gains (loss)	116,065	26,843
Interest	5,528	6,707
Consulting and other	55,540	49,400
	448,643	548,557
Expenses		
Employee compensation and benefits	232,975	278,377
Commissions and floor brokerage	48,344	98,213
Communications	24,745	45,830
Interest	188	3,942
Taxes, other than income taxes	10,092	0
Depreciation	1,211	1,260
Other operating expenses	152,917	150,064
	470,472	577,686
NET INCOME (Loss)	$(21,829)	$(29,129)
Net Income (Loss) per share	$(.001)	$(.002)
Weighted average shares outstanding	11,065,370	11,873,760

The accompanying footnotes form an integral part of these financial statements.

TEXAS SECURITIES, INC. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
(Unaudited)

	Six Months Ended January 31 1991	 January 31 1992
Cash flows from operating activities		
Net income (loss)	$(337,522)	(147,079)
Previously Recorded Market Adjustments		37,821
Adjustments to reconcile net income (loss) to net cash provided (Used) by operating activities		
Unrealized Loss	53,381	
Depreciation	2,449	2,474
Change in assets and liabilities		
Deposits with clearing organizations	16,903	(822)
Other deposits	10,150	6,430
Receivables	(74,448)	(14,719)
Securities owned	88,349	111,358
Accounts payable	2,314	
Accrued expenses	(16,950)	(4,469)
Note payable	(28,750)	(20,433)
Net cash provided (used by operating activities)	(284,124)	(29,439)
Cash flows from investing activities		
Purchases of equipment	(12,150)	
Investment in Subsidiaries	(900)	
Net cash provided (used) by investing activities	(13,050)	
Cash flows from financing activities		
Preferred dividends distributed	(4,047)	(5,519)
Proceeds from common stock issued	219,071	
Net cash provided (used) by financing activities	214,970	(5,519)
Net increase (decrease) in cash	(82,204)	(34,958)
Cash at beginning of period	107,941	36,723
Cash at end of period	25,737	1,765

The accompanying footnotes form and integral part of these financial statements.

TEXAS SECURITIES, INC. AND SUBSIDIARIES
Notes to Financial Statements

Note 1 -

Organization and Operation

The Company was formed under the laws of Utah in 1984 under the name "Aperitif, Inc." for the purpose of seeking out, investigating and acquiring interests in new products, properties and businesses which might have a potential for profit. On November 22, 1985, the Company acquired Texas Securities, Inc. in a statutory merger involving an exchange of stock. The acquired Company, Texas Securities, Inc., is deemed a predecessor of the Company. The Company changed its name to Texas Securities, Inc. upon conclusion of the merger.

The Company is a broker-dealer in securities registered with the Securities and Exchange Commission under the exemption provisions of (S.E.C.) Rule 15c3-3 (K)(2)(ii) which provides that all the funds and securities belonging to the Company's customers would be carried by a clearing broker-dealer. The Company is required to promptly transmit all customer funds and securities received to the clearing broker-dealer who carries the customer accounts; therefore, the Company does not have any possession or control of customer funds or securities. The Company acts as an introducing broker under Regulation 1.57 of the Commodity Futures Trading Commission. Customer accounts are carried by a carrying futures commission merchant on a fully-disclosed basis.

The consolidated financial statements include the accounts of various subsidiaries (See Note 10). All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company does commission business with customers that are located mostly in Texas. Approximately 40% are located in the Dallas/Fort Worth metroplex, 60% are located within the State and the remainder outside the state. The Company's investment banking business has been conducted throughout the United States.

Note 2 -

Accounting Policies Followed by the Company

Securities Transactions

Securities transactions and commission revenue and expenses are recorded on a trade date basis.

Securities Valuations

Securities owned are carried at market value. The increase or decrease in net unrealized appreciation or depreciation of securities is credited or charged to operations.

Note 2 -

Accounting Policies Followed by the Company
Securities Valuations (continued)

As of July 31 1990, $485,625 of securities owned were invested in Ponder Industries, Inc., a company listed on the NASDAQ System and engaged in providing specialized oil and gas drilling products and services.

As of July 31, 1991, $157,875 of securities owned were invested in Transcontinental Video Robotics, a company trading in the over-the-counter market and dealing in video robotics.

As of January 31, 1992, $110,500 of securities owned in the Company's investment account were that of Transcontinental Video Robotics.

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are recorded at cost. Furniture and equipment are depreciated on a straight-line and accelerated methods using estimated lives of three to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Earnings Per Share

Earnings per share is computed on the basis of the weighted monthly average number of common shares outstanding during each year.

Cash and Cash Equivalents

Certificates of deposit with a maturity of three months or less are defined as cash equivalents for purposes of the Statements of Cash Flows.

Note 3 -

The Company's Own Securities Reported as an Asset

The Company has in the past held some of its issued common stock in its trading account which it carried as an asset under an alternative method of generally accepted accounting principles. Most commonly this item was recorded as a reduction of stockholders' equity in the form of treasury stock. Since the Company is a broker-dealer in securities and buys and sells the securities in the open market, it recorded its own securities purchased as inventory. Such securities are reflected at cost and any gains and losses from purchases and sales would be recorded as an increase or decrease in additional paid-in capital. The Company had losses of $3,899 in trading its own securities for the year ended July 31, 1989. The Company has not held any shares of its own stock since the Fiscal Year ending 1989. Pursuant to Rule 15c3-1 (dealing with net capital requirements) of the Securities Exchange Act of 1934, the Company had taken a 100% charge for these securities in the computation of net capital.

Note 4 - Net Capital Requirement

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital of $25,000 as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis.

The Company had net capital of approximately $154,733 on July 31, 1991, and approximately $283,082 on July 31, 1990. The Company's ratio of aggregate indebtedness to net capital was .52 to 1 on July 31, 1991 and .56 to 1 on July 31, 1990. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

As of January 31, 1992, the Company's net capital was $105,501, with a ratio of aggregate indebtedness to net capital of .56 to 1.

Note 5 - Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements consist of the following:

	1991	1990
Furniture and equipment	$132,039	$117,389
Leasehold improvements	17,567	17,567
Total	149,606	134,956
Less accumulated depreciation and amortization	124,994	120,021
Net	$24,612	$14,935

Note 6 -
Lease Commitments

The Company leases communications equipment and office space at its Fort Worth, Texas office under a non cancellable agreement. At July 31, 1991, the aggregate rental commitment under non-cancellable leases is as follows:

	Amount
1992	$102,256
1993	102,256
1994	91,353
1995	83,740
1996	-0-
	$379,605

Rent expense for the years ended July 31, 1991, 1990 and 1989, was $116,002, $101,748, and $97,963, respectively.

Note 7 -
Federal Income Taxes

The following reconciles the Federal income tax at the prevailing income tax rate of 34% for the year ended July 31, 1989 to the amount presented in the statement of operations. The Company had losses for the years ended July 31, 1991 and 1990; therefore, there is no provision for Federal income taxes.

	1989
Federal income tax at prevailing rate	$2,178
Effects of:	
Surtax exemption	(1,798)
Non-deductible capital losses	91,428
Unrealized losses	7,265
Other	804
Federal income tax	$99,877

The liability for Federal income tax for the year ended July 31, 1989 is offset fully by previous years net operating losses.

Note 7 - Federal Income Taxes, continued

The resulting carry forwards at July 31, 1991, are $1,705,726 of net operating losses, $410,263 of capital losses and $8,954 of investment and job tax credits. These carry forwards are available to offset future income tax liabilities and expire as follows:

Year	Net Operating Loss	Capital	Tax Credits
1993	$	$	$67
1994		224,795	402
1995			920
1996			4,395
1997			1,885
1998	292,996		1,285
1999	239,524		
2000			
2001			
2002			
2003	505,422		
2004	297,998	88,162	
2005	369,786	97,306	
	$1,705,726	$410,263	$8,954

In addition to the above carryforwards, the Company has unrealized capital losses of $480,271 which can be applied against future capital gains upon the realization of the losses.

Note 8 - Capital Stock

The Company is authorized to issue two classes of shares designated as Common Stock and Preferred Stock. The total number of shares the Company has the authority to issue is 55,000,000. The number of Common Stock authorized is 50,000,000 shares at $.001 par value. The number of Preferred Stock authorized is 5,000,000 shares at $1.00 par value. The total number of shares outstanding of Common Stock as of January 31, 1992 was 11,873,760.

The Board of Directors of the Company is authorized to establish series of unissued shares of Preferred Stock. The Board has established a series of Preferred Stock designated as Class A. The number of shares which constitute such series is 100,000. These shares have no escalation feature and are callable at any time. The shares are callable at $16.50, non-cumulative,non-

Note 8 -

Capital Stock, continued

voting, convertible into ten restricted common shares and have a dividend rate of $1.35, payable annually on January 1st. No Preferred Stock other than Class A Preferred has been established or issued.

As of January 31, 1992, 10,300 shares of the Company's Preferred Stock was outstanding.

The following provisions relate to the Preferred Stock:

Preferences Upon Liquidation

In the event of a liquidation, or winding up of the affairs of the Company, then, before any distribution or payment shall be made to the holders of shares of common stock, the holder of preferred stock shall be entitled to be paid their par value, $1.00, and all accrued and unpaid dividends, if any. The remaining assets, if any, will be distributed equally to all outstanding shares, preferred and common, share for share.

Insufficient Assets Upon Dissolution

If, on any voluntary or involuntary dissolution, liquidation or winding up of affairs of the Corporation, the assets of the Corporation are insufficient to permit full payment to the preferred shareholders, then the holders of any series of the preferred shares shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled.

The basis for valuing common stock issued, for other than cash, is based on the common stock's market value.

Note 9 -

Related party Transactions

Two of the Company's officers signed notes to the Company during the year ended July 31, 1989 in satisfaction of unsecured debit balances for their accounts. The interest is to be paid annually for the first four years starting August 1989. Beginning the fifth year the notes will be amortized over the following five years with payments due quarterly. Interest on the unpaid principal balance is accrued at 12%. The notes were renegotiated during the fiscal year ended July 31, 1991 to provide for the above mentioned interest only for the first 4 years. During the year ended July 31, 1991 no interest was received on these notes. One note in the principal amount of $121,747 is collateralized by 604,365 shares of the Company's stock.

Note 10 -

Subsidiaries

During the year ended July 31, 1989, the Company formed eight subsidiary corporations for the purpose of creating clean public corporations, i.e., publicly held corporations with no significant assets or liabilities, which intend to combine with a privately held operating company. The Company then intends to distribute the stock of such subsidiaries to the Company's shareholders as dividends. These companies were:

Grand Productions, Inc.
RPJ Search, Inc.
GDE Search, Corporation
GLP Search, Inc.
T.S. Search, Inc.
California Enterprises, Inc.
Western Enterprises, Inc.
Eastern Enterprises, Inc.

As of July 31, 1989 the stock of Grand Productions, Inc. ("Grand" - formerly Mark I Enterprises, Inc.) was registered with the Securities and Exchange Commission ("SEC") under a Registration Statement on Form S-1 and distributed to the shareholders of the Company.

During the year ended July 31, 1990 the following additional subsidiary was formed:

Florida Enterprises, Inc.

As of July 31, 1990 GDE Search Corporation ("GDE") was registered with the SEC under a Registration Statement on Form S-1. GDE acquired all of the outstanding common stock of Ponder Industries, Inc. The transaction was accounted for as a reverse acquisition of GDE by Ponder; thereupon, GDE changed its name to Ponder. The Company then distributed its shares in GDE to the shareholders of the Company. GDE also issued stock to certain officers of GDE, all of whom were also officers of the Company.

During the year ended July 31, 1991 the following wholly owned subsidiaries were formed:

Qualified Acquisition Partners, Inc.
TSI Venture Enterprises, Inc.
Eastern Capital Corporation

And the following subsidiaries were dissolved:

TSI Venture Enterprises, Inc.
Eastern Capital Corporation
Florida Enterprises, Inc.

Note 10 -
Subsidiaries, continued

The following subsidiaries were dissolved in August of 1991:

RPJ Search Corporation
Eastern Enterprises, Inc.

The following subsidiaries were relinquished to third parties for legal services rendered:

California Enterprises, Inc.
T.S. Search Corporation
GLP Search Corporation
Western Enterprises, Inc.

As of January 31, 1992, Qualified Acquisition's Registration Statement previously filed with the SEC was withdrawn by the Company. Therefore, as of January 31, 1992 there are no pending Registration Statements filed by the Company. Qualified Acquisition Partners, Inc.remains as the sole subsidiary of the Company, but is not active at this time.

Note 11 -
Paid-In Capital Transfer

The Company transferred $523,299 and $1,287,007 from paid-in capital in excess of par to retained earnings during the years ended July 31, 1989 and 1988, respectively to comply with state laws in effect at that time. These transfers created a positive retained earnings to enable the Company to distribute the stock of Grand Productions, Inc. during the year ended July 31, 1989 (See Note 10) and various subsidiaries during the year ended July 31, 1988.

Note 12 -
Settlement payable

On October 12, 1990 the Company submitted a settlement proposal to the National Association of Security Dealers, Inc. ("NASD") with regard to a complaint issued by the NASD on April 30, 1990. Under the proposed settlement agreement, the Company will pay $115,000 in fines according to the following terms:

25% due January, 1991 plus a 10% surcharge and the balance due over 24 months.

In December 1990, the above settlement proposal was approved by the NASD. As of January 31, 1992, the Company had a balance payable of $34,781 under the terms of the agreement.

Item 2. Management's Discussion an Analysis of Results of Operations and Financial Condition.

3 Months and 6 Months ended January 31, 1991 and 1992

The three month period for quarter ended January 31, 1992 ("2nd quarter 1992") showed a increase in revenues of $99,914 as compared to the quarter ended January 31, 1991 ("2nd quarter 1991"). The major factor causing this is due to a direct increase in commissioned sales. The Company experienced a surge in trading activity in customer accounts. Investment account gains decreased from $116,065 in 1991 to $26,843 in 1992, for their respective 2nd quarters. The six month period ending January 31, 1992 also showed an increase in revenues from 1991 of $130,754. Gross revenues for the six month period ending January 31, 1992 were $878,227 as compared to revenues of $747,473 for January 31, 1991. Six month period net loss for the Company decreased to $(147,078) in January 1992 from $(337,520) in 1991.

Total expenses increased for the quarter ending January 31, 1992 by $107,214 from the same quarter for 1991. However, total expenses for the six month period ending January 31, 1992 decreased by $59,689 from the same six month period ending January 31, 1991. This decrease was due primarily to the reduction of customer charge offs for the 2nd quarter ending 1992. Charge offs consist of amounts where the customer did not pay for the trade, or an error in making the transaction occurred. Additionally, total liabilities for the 2nd quarter of 1992 decreased by $59,732 from the 2nd quarter for 1991. This is due to the reduction in the NASD settlement amount due. Total assets for January 31, 1992 were $562,718 as compared to $811,380 in 1991. This reduction in assets was due to a decrease in the market value of the Company's investment account.

Liquidity and Capital Resources

The Company deems its working capital adequate. Its net capital, computed under the Rules of the Securities and Exchange Commission, which is reflection of liquidity, was $154,733 on July 31, 1990, as compared to $105,501 on January 31, 1992. The Company has no long term debt. The Company deems its liquidity position satisfactory in light of its requirements for cash. The company has no subordinated liabilities.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company encountered no legal proceedings during the reportable period.

Item 2. Changes in Securities

The rights evidenced or defined by any class of registered securities have not been materially limited, qualified, or modified in any way by the Company during the reportable period.

Item 3. Defaults upon Senior Securities

Not applicable

Item 4 Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

None

Item 6 Exhibits and Reports on Form 8-K

The Company has not filed any reports on Form 8-K during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEXAS SECURITIES, INC.

Registrant

March 3, 1992

Bruce Barton Allen II, President and
Chief Executive Officer

March 3, 1992

Robert P. Jackson

Robert P. Jackson, V. President
and Chief Financial Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission file number 0-9006

TEXON ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

Texas (State or other jurisdiction of incorporation or organization)	75-1301801 (I. R. S. Employer Identification)

c/o Stanwich Partners, Inc., One Stamford Landing,
62 Southfield Avenue, Stamford, Connecticut 06902
(Address of Principal Executive Offices)
(Zip Code)

(203) 325-0551
(Registrant's telephone number, including area code)

104 South Warner Street, Oneida, New York 13421
Former name, former address and former Fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

As of January 31, 1992, the Registrant had 9,336,322 common shares outstanding.

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TEXON ENERGY CORPORATION AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

- Consolidated Balance Sheets January 31, 1992 (Unaudited) and April 30, 1991.
- Consolidated Statements of Operations for the Three Months and Nine Months Ended January 31, 1992 and 1991 (Unaudited)
- Consolidated Statements of Cash Flows for the Three Months and Nine Months Ended January 31, 1992 and 1991 (Unaudited)
- Notes to Consolidated Financial Statements (Unaudited)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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SIGNATURES

TEXON ENERGY CORPORATION AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS ($ in 000's)

	January 31, 1992 (Unaudited)	April 30, 1991 (Note 1)
Assets		
Current Assets:		
Cash	$ 117	$ 132
Accounts Receivable, net of allowance for doubtful accounts of $127 and $283, respectively	8,210	5,543
Inventories (Note 2)	3,603	2,201
Customer tooling-in-progress	892	1,540
Other	45	79
Total current assets	12,867	9,495
Property, plant and equipment	20,480	10,744
Less: accumulated depreciation	(12,299)	(6,024)
Property, plant & equipment-net	8,181	4,720
Organization and debt issuance costs	412	561
Goodwill (Note 3)	945	-
Investment in subsidiary (Note 3)	-	1,670
Total assets	$22,405	$16,446

TEXON ENERGY CORPORATION AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS (CONTINUED) ($ in 000's)

	January 31, 1992 (Unaudited)	April 30, 1991 (Note 1)
Liabilities and stockholders' deficit		
Current Liabilities:		
Current portion of long-term debt (Notes 4 and 5)	$ 9,529	$ 5,161
Long-term debt classified as current due to events of default (Notes 4 and 5)	23,089	-
Accounts payable	8,759	6,109
Advances from customers	1,007	1,484
Accrued interest	1,243	313
Other accrued expenses	4,135	2,555
Total current liabilities	47,762	15,622
Long-term debt - net of amounts classified as current (Notes 4 and 5)	5,254	28,130
Long-term debt - related parties	7,127	6,651
Accrued interest and guarantee fees - related parties	8,773	7,399
Total liabilities	68,916	57,802
Minority interest	431	-
Preferred stock of consolidated subsidiary	290	290
Mandatorily redeemable 12% Series B preferred stock	360	360
Stockholders' deficit:		
Common stock, $.20 par value - 15,000,000 shares authorized, 9,886,322 issued of which 550,000 are in treasury	1,977	1,977
Preferred stock, Series C convertible, $.50 par value - 250,000 shares authorized and issued of which 212,500 are in treasury	125	125
Additional paid in capital	12,811	12,811
Adjustment to stockholders' deficit resulting from combination of entities under common control	(2,450)	(2,450)
Cumulative translation adjustment	104	-
Accumulated deficit	(60,159)	(54,469)
Less: treasury stock	-	-
Total stockholders' deficit	(47,592)	(42,006)
Commitments and contingencies		
Total liabilities and stockholders' deficit	$ 22,405	$ 16,446

TEXON ENERGY CORPORATION AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) ($ in 000's)

	Three Months Ended		Nine Months Ended	
	January 31, 1992	January 31, 1991	January 31, 1992	January 31, 1991
Revenue				
Net sales	$ 14,325	$ 8,441	$ 38,600	$ 27,046
Expenses				
Cost of sales	(12,312)	(7,286)	(33,966)	(23,043)
Selling and administrative	(1,671)	(1,286)	(5,028)	(3,909)
Interest and guarantee fees	(1,566)	(1,025)	(4,728)	(4,082)
Other income (expense)-net	(59)	(59)	(33)	(25)
Loss from continuing operations before income taxes, minority interest in earnings of subsidiary and equity in loss of unconsolidated subsidiary and before extraordinary item	(1,283)	(1,215)	(5,155)	(4,013)
Income taxes	(21)	-	(38)	-
Minority interest in earnings of subsidiary	(56)	-	22	-
Equity in loss of unconsolidated subsidiary (Note 3)	-	-	(400)	-
Loss from continuing operations	(1,360)	(1,215)	(5,571)	(4,013)
Discontinued operations:				
Income (loss) from operations	-	124	-	(43)
Gain on disposition	-	1,720	-	1,897
Total discontinued operations	-	1,844	-	1,854
Extraordinary item: gain on debt extinguishment	-	4,089	-	4,089
Net Income (Loss)	$(1,360)	$ 4,718	$(5,571)	$ 1,930
Per common and equivalent share:				
Loss from continuing operations	$ (.15)	$ (.13)	$ (.60)	$ (.40)
Loss from discontinued operations	-	.19	-	.19
Extraordinary item	-	.42	-	.41
Net Income (Loss)	$ (.15)	$ .48	$ (.60)	$ .20
Weighted average number of common and equivalent shares outstanding	9,336,322	9,850,452	9,336,322	9,874,203

TEXON ENERGY CORPORATION AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) ($ in 000's)

	Three Months Ended		Nine Months Ended	
	January 31, 1992	January 31, 1991	January 31, 1992	January 31, 1991
NET CASH PROVIDED BY (USED IN) OPERATIONS	$ 120	$ 4,575	$ (1,365)	$ 4,512
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash acquired in business combination	-	-	420	-
Decrease in investment in unconsolidated subsidiary	-	1,061	-	891
Proceeds from sale of discontinued operations	-	-	442	-
Capital expenditures	(68)	-	(444)	-
Disposal of fixed assets	282	-	751	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	214	1,061	1,169	891
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net change in revolving loans	158	-	3,564	-
Increases in long-term debt	362	-	3,270	-
Repayments of long-term debt	(735)	(5,493)	(6,658)	(5,639)
Net changes resulting from three year audit	-	(200)	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(215)	(5,693)	176	(5,639)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(2)	-0-	5	-0-
NET INCREASE (DECREASE) IN CASH	117	(57)	(15)	(236)
Cash at beginning of period	-0-	92	132	271
Cash at end of period	$ 117	$ 35	$ 117	$ 35
Supplemental information:				
Interest paid	$ 801	$ 569	$ 2,491	$ 2,555
Income taxes paid	$ 21	$ -0-	$ 38	$ -0-

TEXON ENERGY CORPORATION AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 - BASIS OF PREPARATION

The consolidated financial statements include the accounts of Texon Energy Corporation (the "Company" or "Texon"); its wholly owned subsidiaries, DPL Holdings, Inc. ("Holdings") and Oneida Products Acquisition Corp. ("OPAC") including all of OPAC's wholly owned subsidiaries, and its 80% owned subsidiary, Data Packaging International, Inc. ("DPI"); and Data Packaging, Limited ("DPL"), which is owned 55% by DPI and 25% by Holdings (see Note 3). All significant intercompany transactions and balances are eliminated.

The consolidated balance sheet as of April 30, 1991 has been derived from the audited financial statements at that date. The consolidated balance sheet as of January 31, 1992, the consolidated statements of operations for the three months and nine months ended January 31, 1992 and 1991, and the consolidated statements of cash flows for the three months and nine months ended January 31, 1992 and 1991 have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at January 31, 1992 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended April 30, 1991. The results of operations for the three months and nine months ended January 31, 1992 are not necessarily indicative of the operating results of the full year.

NOTE 2 - INVENTORIES

The components of inventory are as follows ($ in 000's):

	January 31, 1992	April 30, 1991
Raw materials	$ 2,316	$ 1,468
Work-in-progress	831	580
Finished goods	456	153
	$ 3,603	$ 2,201

The increase in inventories includes $1,730 from the acquisition of DPL (see Note 3).

NOTE 3 - ACQUISITION OF ADDITIONAL INTEREST IN SUBSIDIARY AND CHANGE FROM EQUITY ACCOUNTING TO CONSOLIDATION

On June 28, 1991, Holdings acquired 2,400 common shares of DPL representing 25% of the outstanding common shares of DPL. Because DPI already owned 55% of the common shares, the Company now owns 80% of the outstanding DPL common shares. In connection with this transaction, the DPL shareholders agreed to modify certain voting restrictions, which limited the Company's votes with respect to its shares of DPL. Because of those restrictions, the Company had previously accounted for its 55% investment in DPL using the equity method. As a result of these transactions, DPL is included as a consolidated subsidiary effective June 28, 1991.

The stated purchase price for the 25% interest acquired June 28, 1991 totalled $1,787,500. Such price is evidenced by a $1,430,000 non-interest bearing note ("the Holdings Note") which provides for payments of $225,000 on May 1, 1992 and $1,205,000 on November 1, 1992. The remainder of the purchase price is due on October 31, 1992 and, if not paid by that date, begins accruing interest at 12% per year.

The present value, at 12%, of the stated purchase price is approximately $1,536,000, which amount exceeded the value of the net assets acquired by approximately $1,003,000. Accordingly, the difference has been recorded as goodwill and is being amortized over ten years from the date of acquisition.

The unaudited pro forma condensed results of operations of the Company for the nine months ended January 31, 1992 and 1991 after giving effect to certain pro forma adjustments to reflect the purchase as if it had occurred May 1, 1991 and 1990, respectively, are as follows ($ in 000's):

	Pro Forma Nine Months Ended January 31, 1992	Pro Forma Nine Months Ended January 31, 1991
Net Sales	$ 42,585	$ 31,029
Loss from continuing operations	(5,175)	(4,038)
Net Loss	(5,175)	(1,955)
Per common and equivalent share:		
Continuing operations	(.55)	(.41)
Net Loss	(.55)	(.20)

The pro forma results of operations are not necessarily indicative of the actual operating results that would have occurred had the transaction been consummated as of May 1, 1991 or 1990 or of future operating results.

NOTE 4 - REFINANCING AND DEBT RESTRUCTURING

On August 12, 1991, OMPC and its subsidiaries (indirect wholly owned subsidiaries of OPAC and collectively referred to as "OMPC") obtained a financing facility of up to $8 million from Congress Financial Corporation ("Congress"). This facility consists of five-year term loans of $2,750,000, and revolving loans, with an initial maximum of $5,250,000, based on the value of OMPC's accounts receivable and inventory. The revolving loan maximum will increase as the term loans are repaid. Interest on the term and revolving loans is at prime plus 2-1/2 percent with a default rate of prime plus 5-1/2 percent. In addition, the loans require an annual facility fee of $80,000 and quarterly audit fees, as defined. These loans are secured by substantially all of OMPC's assets and are subject to early termination fees if they are terminated or in default prior to August 12, 1994. On August 12, 1991, OMPC borrowed approximately $4,800,000 from Congress pursuant to this facility.

In connection with the Congress financing, the Company and Signal Capital Corporation ("Signal") entered into a debt restructuring arrangement pursuant to which (i) the Company's remaining obligations to Signal were consolidated into a new note in the principal amount of approximately $24,171,000 (the "Consolidation Note"), due on June 30, 1993, from OMPC to Signal bearing interest at 15% per annum, increasing to 16.5 percent per annum in the event of a default, (ii) Signal was repaid $4,400,000 from the proceeds of the Congress Financing and $280,000 immediately thereafter, (iii) Oneida Products Corp. ("OPC" a wholly owned subsidiary of OPAC) assumed the obligations to Signal and issued a note in the principal amount of approximately $19,491,000 to Signal to replace the Consolidation Note, (iv) Signal released OMPC from its obligations to Signal except for liabilities arising as a result of Signal's guaranty of a $2,000,000 note to General Electric Company ("GEC"), (v) Signal released its liens on the assets of OMPC, (vi) Texon, OPAC, Holdings, and DPI continue to guarantee the obligations to Signal, and (vii) Signal continues to have a security interest in all or substantially all of the assets of Texon, OPAC, OPC, DPI and Holdings, other than shares of DPL acquired by Holdings in June 1991 (Note 3).

Also in connection with the debt restructuring, Texon, OPAC, OPC, OMPC, DPI, Holdings, Messrs. Bradley and Debroux (shareholders and directors of Texon), Stanwich Partners, Inc. ("Stanwich") and Stanwich Oil & Gas, Inc. ("SOG") (companies in which Mr. Bradley has significant interests) released each other from certain liabilities except for (i) promissory notes in the original amount of $759,000 owed by OMPC to SOG, (ii) Mr. Bradley's claim for a five percent guaranty fee in connection with the Congress loans (see below), (iii) claims of Messrs. Bradley and Debroux, Stanwich and SOG against Texon, OPAC, DPI and Holdings, (iv) claims under an equipment sublease between DPI, as sublessor, and OMPC, as sublessee, and (v) certain other specified claims.

As part of the debt restructuring, Costar Corporation ("Costar") released Texon, OPAC, OPC and OMPC from all obligations and liens to Costar. DPI and Holdings continue to be obligated to Costar under separate agreements in connection with the acquisition of DPI assets and of DPL shares.

In connection with his guaranty of up to $2 million of the Congress loans, Mr. Bradley is entitled to a guaranty fee from OMPC of 5 percent per annum of the principal amount of the guaranteed obligations outstanding. Forty percent of this fee is payable in equal monthly installments commencing August 31, 1991 and 60 percent is payable on the date the Congress loans and the obligations to Signal have been paid in full. Agreements with Signal prohibit the payment of these monthly installments until January 1992.

As part of the debt restructuring, Mr. Bradley agreed to pay to Signal the proceeds, up to $10 million, from the sale of his securities in two other companies in partial satisfaction of amounts owed to Signal by OPC. Promissory notes received as part of the sales proceeds will be pledged to Signal or held in escrow and the payments paid over to Signal. Mr. Bradley guaranteed the remaining obligations to Signal, which guaranty will be reduced to a maximum of $10 million if Mr. Bradley makes the agreed payments, transfers into escrow, and pledges as described above. Signal agreed to release certain shares previously pledged to Signal by Mr. Bradley and SOG if the principal amount of Texon's obligations to Signal is reduced by $10 million. Any payments to Signal pursuant to the foregoing will be deemed loans from Mr. Bradley to the Company and will be subordinated to the Company's obligations to Signal.

Mr. Bradley, Stanwich and SOG agreed to subordinate to Signal all obligations owed to them by Texon and its subsidiaries. Mr. Bradley, Stanwich and SOG also agreed to subordinate to Congress all obligations owed to them by OMPC.

NOTE 5 - DEFAULTS ON DEBT

Loans Payable to Congress

At January 31, 1992, OMPC and its subsidiaries were not in compliance with certain financial covenants, contained in the loan agreements with Congress, relating to maintaining a specified minimum level of net worth and not exceeding certain limits on capital expenditures. Congress has not taken any action to accelerate payment of the loans or enforce any other remedies, but there can be no assurances that it will not do so. Congress has not agreed to waive these events of noncompliance.

Note Payable to Signal

As a result of the noncompliance with the financial covenants in the Congress loan agreements, the Company is not in compliance with covenants in its restructured loan agreement with Signal. Signal has not taken any action to accelerate payment of the note or enforce any other remedies, but there can be no assurance that it will not do so. Signal has not agreed to waive this event of noncompliance.

Note Payable to GEC

In February 1992 (subsequent to the balance sheet date), OMPC and its subsidiaries failed to pay, when due, a principal payment to GEC in the amount of $50,000. GEC has not waived this event of default, but the Company does not expect GEC to take any action to accelerate this debt because arrangements have been made to pay this amount in four weekly installments during March 1992.

Notes Payable to Costar

On October 31, 1991, DPI failed to pay, when due, $1,081,086 principal and $68,122 interest to Costar under DPI's debt obligation incurred in connection with the acquisition of DPI assets (the "Somerset Note"). On November 1, 1991, DPI received from Costar a notice of default, demanding immediate payment to cure the default. DPI was unable to make such payment (having discontinued its operations in 1989).

On November 14, 1991 DPI and Holdings received from Costar a letter declaring immediately due and payable the entire principal amount ($3,231,086) of the Somerset Note plus all accrued interest thereon, and the entire principal amount ($1,430,000) of the Holdings Note (see Note 3). Messrs. Bradley and Debroux, as guarantors of the Somerset Note and of a portion of the Holdings Note, also received demand for payment under the guarantees. The common shares of DPL owned by DPI and by Holdings are pledged as collateral for these notes.

Costar commenced a lawsuit against Messrs. Bradley and Debroux (the "Litigation") to enforce the obligations under the guarantees, and obtained a prejudgment remedy pursuant to which Costar obtained certain attachments against their assets, and the court entered an order restraining the transfer of assets except under certain specified circumstances. Messrs. Bradley and Debroux filed a motion to dissolve the prejudgment remedy.

On January 3, 1992 DPI and Holdings and Messrs. Bradley and Debroux entered into a letter agreement with Costar pursuant to which Costar agreed to forbear in exercising its remedies under the notes and the various guarantees and to forbear from enforcing the judgment it expects to receive in the Litigation. To induce Costar to forbear (i) Messrs. Bradley and Debroux agreed to extend their guarantee to the full amount of the Holdings Note and to provide certain additional collateral; (ii) Messrs. Bradley and Debroux entered into a Stipulation to Judgment in the amount of the sum of the entire principal balances plus accrued interest plus collection costs due under both the Somerset Note and the Holdings Note and withdrew their motion to dissolve the prejudgment remedy; (iii) Costar agreed to hold the Stipulation to Judgment in escrow and not to file or enforce it unless further default occurs; (iv) DPI and Holdings agreed to cause DPL to provide certain information to Costar; (v) Mr. Bradley paid Costar $127,339.21 (representing interest on the Somerset Note through January 31, 1992); (vi) Messrs. Bradley and Debroux agreed to pay Costar $1,081,086 of principal under the Somerset Note and $225,000 of principal under the Holdings Note on or before February 1, 1992 (the "February Payments"); and (vii) they agreed to pay the remaining principal and interest payments under the notes when due, and they agreed to reimburse Costar for all collection costs.

On February 4, 1992 Costar agreed that it would accept partial payment of $130,000 and extend the due date for the balance of the February Payments ($1,176,086) until February 18. Mr. Bradley made the $130,000 partial payment on February 5. On February 25, 1992 Costar agreed to further extend the due date of the balance of the February Payments until April 1, 1992 in exchange for an additional partial payment of $130,000. Mr. Bradley made the additional payment on February 26.

As of the date of this report, $1,046,086 of principal agreed to be paid remains unpaid. Costar continues to forbear in exercising its remedies, but there can be no assurance that such forbearance will continue unless the promised payments are made.

Classification of Debt in January 31, 1992 Consolidated Balance Sheet

As a result of these events of noncompliance, all balances due to Congress, Signal and GEC under the respective loan agreements have been classified as current in the January 31, 1992 consolidated balance sheet. By its terms, the Costar debt is classified as current.

TEXON ENERGY CORPORATION AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

During fiscal 1991, the Company discontinued its oil and gas operations and operates solely in the business of the design, tooling, manufacture and assembly of high volume, precision plastic products. The following is a discussion of the operations of the plastics business which are conducted in the U.S. by OPC and its subsidiaries, and in Ireland by DPL. Oil and gas operations are discussed below under "Discontinued Operations."

Three months ended January 31, 1992 compared to three months ended January 31, 1991

Sales increased $5.9 million or 70% to $14.3 million in the three months ended January 31, 1992 from $8.4 million in the three months ended January 31, 1991. The increase resulted from the inclusion of DPL on a consolidated basis beginning in July 1991 ($5.3 million) and a $.6 million increase in sales in the U.S. plastics operations realized from both molded parts and tool sales.

Cost of goods sold increased $5.0 million or 69% to $12.3 million in the three months ended January 31, 1992 from $7.3 million in the three months ended January 31, 1991. The increase resulted from the inclusion of DPL on a consolidated basis ($4.5 million) and a $.5 million increase because of higher sales and a change in product mix in the U.S. plastics operations. Gross profit margin increased slightly to 14.0% in the three months ended January 31, 1992 from 13.7% in the three months ended January 31, 1991 because of a change in product mix for molded parts sales and tool sales.

Selling, general and administrative expense increased $.4 million or 30% in the three months ended January 31, 1992 compared with the same period in 1991. This increase resulted from the inclusion of DPL on a consolidated basis.

Interest and guarantee fees expense increased $.5 million or 53% in the three months ended January 31, 1992 compared with the same period in 1991. The increase resulted from the inclusion of DPL on a consolidated basis and from higher levels of consolidated debt due to continuing losses.

Nine months ended January 31, 1992 compared to nine months ended January 31, 1991

Sales increased $11.6 million or 43% to $38.6 million in the nine months ended January 31, 1992 from $27.0 million in the nine months ended January 31, 1991. The increase resulted from the inclusion of DPL on a consolidated basis beginning in July 1991 ($11.1 million) and from improved sales volume in both molded parts and tools in the U.S. plastics operations. The Florida molding plant was shut down during the three months ended July 31, 1991; however, a majority of the facility's former customers are now being serviced by other divisions of OPC.

Cost of goods sold increased $11.0 million or 47% to $34.0 million in the nine months ended January 31, 1992 from $23.0 million in the nine months ended January 31, 1991. The increase resulted from the inclusion of DPL on a consolidated basis ($9.9 million) and because of a change in product mix in the U.S. plastics operations. Gross profit margin declined to 12.0% in the nine months ended January 31, 1992 from 14.8% in the nine months ended January 31, 1991 because of significantly lower margins realized on sales by DPL and because of an increase in direct labor and material costs associated with a change in product mix for molded parts sales and tool sales.

Selling, general and administrative expense increased $1.1 million or 29% in the nine months ended January 31, 1992 compared with the same period in 1991. This increase resulted from the inclusion of DPL on a consolidated basis and from costs associated with refinancing of bank debt of the U.S. plastics operations.

Interest and guarantee fees increased $.7 million or 16% in the nine months ended January 31, 1992 compared with the same period in 1991. The increase resulted from the inclusion of DPL on a consolidated basis and from higher levels of consolidated debt due to continuing losses.

The equity in loss of unconsolidated subsidiary represents the Company's equity in the loss of DPL for the period from December 1, 1990 through June 28, 1991, prior to the acquisition by Holdings of its 25% interest. Subsequent to that date, DPL is included in the financial statements on a consolidated basis.

Discontinued Operations - Oil & Gas

The Company sold substantially all of its oil and gas properties effective as of April 1, 1991. Prior to that time, substantially all of the Company's oil and gas interests were pledged as collateral for bank indebtedness, and all production revenues received by the Company, net of severance taxes and direct operating expenses, were paid to the bank. In connection with the sale of the oil and gas properties, this bank indebtedness was settled and the unpaid balance forgiven.

LIQUIDITY AND CAPITAL RESOURCES

As described in Note 4 of the Notes to Consolidated Financial Statements, as of August 12, 1991 the Company entered into a financing arrangement with a new lender for the plastics business, and restructured the repayment terms for the remaining debt. In connection with the debt restructuring, the Company and certain shareholders entered into agreements with certain of the Company's lenders which may result in further reduction and/or restructuring of this debt in certain circumstances. The Company is considering additional ways to reduce debt or convert it to equity, but there is no assurance that any such actions can be accomplished.

As described in Note 5 of the Notes to Consolidated Financial Statements, the Company and its subsidiaries are not in compliance with various financial covenants in its debt agreements with Congress and Signal. Unless the covenants are waived or changed, the Company will not be able to comply with them in the foreseeable future. There can be no assurances that the lenders will not exercise their rights under the loan agreements, including accelerating repayment. The Company does not have capital resources to make accelerated payments.

As described in Note 5 of the Notes to Consolidated Financial Statements, DPI has received a demand for immediate repayment of debt to Costar Corporation in the aggregate amount of approximately $4.7 million because of DPI's failure to pay approximately $1.1 million of principal and interest when due. The Company does not have capital resources to make any payment on this debt, and there can be no assurances that Costar will not exercise its rights under the loan agreements, including taking possession of the common shares of DPL owned by DPI and Holdings, if the guarantors fail to make payments as required under the guarantees and the forbearance letter agreement.

LIQUIDITY AND CAPITAL RESOURCES (continued)

The Company has taken steps in an effort to improve the economics of its plastics operations including reductions in the labor force and increased efforts to expand its customer base. Additionally, efforts have been made to reduce inventory levels and the related carrying costs and to improve the collections of accounts receivable, thereby improving cash flow. However, even at its highest levels of volume and efficiency, the plastics operations cannot generate sufficient amounts to service all of the Company's debt. Therefore, the Company does not have adequate capital resources for long-term operations without further restructuring and reducing its debt.

A significant customer of the U.S. plastics operations phased out its business with the Company in December 1991. However, the U.S. plastics operations have received new contracts from other existing customers which will more than offset the lost sales, beginning in the final quarter of the fiscal year ending April 30, 1992. As a result, cash flow from operations will be very restricted during the period January through March 1992. The Company believes that it will have sufficient funds available from operations and from its new revolving credit facility to enable it to fund its operating cash requirements through at least the next 12 months, assuming that the lenders do not reduce the availability of borrowings as a result of the events of default.

On June 30, 1993, all amounts owed by the Company to Signal become due and payable. At the present time, the Company is indebted to Signal in the approximate amount of $20 million. In order to meet the Company's obligation to repay Signal in June 1993, the Company intends to seek additional sources of debt or equity capital. If the Company does not obtain additional debt or equity capital prior to June 30, 1993, the Company may be required to re-enter negotiations with its lenders, enter into discussions with other potential lenders, seek other equity financing or consider other proceedings to restructure its obligations. The financial statements do not include any adjustment relating to recoverability and classification of recorded asset amounts or the amount or classification of liabilities that might be necessary should the Company be unable to continue in its present form.

Under its financing arrangements, the plastics business is subject to restrictions on the amount of capital expenditures permitted without approval from its lenders. The Company has no current plans for significant capital expenditures.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

a) At January 31, 1992, OMPC and its subsidiaries were not in compliance with certain financial covenants contained in the loan agreements with Congress, relating to maintaining a specified minimum level of net worth and not exceeding certain limits on capital expenditures. Congress has not taken any action to accelerate payment of the loans or enforce any other remedies, but there can be no assurances that it will not do so. Congress has not agreed to waive these events of noncompliance.

b) As a result of the noncompliance with the financial covenants in the Congress loan agreements, the Company is not in compliance with covenants in its restructured loan agreement with Signal. Signal has not taken any action to accelerate payment of the note or enforce any other remedies, but there can be no assurance that it will not do so. Signal has not agreed to waive this event of noncompliance.

c) In February 1992 (subsequent to the balance sheet date), OMPC and its subsidiaries failed to pay, when due, a principal payment to GEC in the amount $50,000. GEC has not waived this event of default, but the Company does not expect GEC to take any action to accelerate this debt because arrangements have been made to pay this amount in four weekly installments during March 1992.

d) As of January 31, 1992, the Registrant's indirect 80% owned subsidiary, DPI, was in violation of certain payment obligations (aggregating approximately $1.1 million) under its note to Costar Corporation, which had an outstanding principal amount of $3,231,086 at that date. On November 14, 1991, DPI and another subsidiary, Holdings, received demand for immediate payment of all amounts outstanding (aggregating approximately $4.7 million) under their respective notes to Costar. As described in Note 5 of the Notes to Consolidated Financial Statements, DPI and Holdings, and guarantors of the debt, have entered into a letter agreement with Costar pursuant to which Costar agreed to forbear in exercising its remedies if certain payments are made and other agreed provisions are fulfilled.

e) At January 31, 1992, the Registrant was in default with respect to its Series B Preferred Stock and the Registrant's indirect 80% owned subsidiary, DPI, was in default with respect to its Series A Preferred Stock. The holders of that stock had agreed in June 1988 to waive past defaults and the timely payment of dividends on their respective shares of stock provided that past due dividends remain accrued, and future dividends continue to accrue, and were paid on or before June 30, 1991. These shareholders also had agreed not to exercise any rights to redeem the Registrant's Series B Preferred

ITEM 3. DEFAULTS UPON SENIOR SECURITIES (continued)

Stock until June 30, 1991. As of January 31, 1992, the dividends with respect to both the series had not been paid, and $165,600 of past due dividends were payable with respect to the Registrant's Series B Preferred Stock and $137,750 of past due dividends were payable with respect to DPI's Series A Preferred Stock.

ITEM 6. EXHIBIT AND REPORTS ON FORM 8-K

a) Exhibits.

None

b) Reports on Form 8-K

None

TEXON ENERGY CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEXON ENERGY CORPORATION

Pierre R. Debroux
Chairman of the Board

Dated March 13th, 1992

. . O. 11699
Q.35421

[redacted]

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EXECUTION COPY

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

~~RECD S.E.C~~
~~MAR 10 1992~~

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended January 31, 1992

OR

RECD S.E.C.
MAR 9 1992
144

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

KL 3/12

Commission File Number: 0-13011

TNR TECHNICAL, INC.
(Exact name of Registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

11-2565202
(I.R.S. Employer Identification No.)

C30

279 Douglas Avenue
Suite 1112
Altamonte Springs, Florida
(Address of principal executive offices)

32714
(Zip Code)

PROCESSED BY
MAR 12 1992

Registrant's telephone number, including area code: 07) 682-4311

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

None
(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X. No ___.

262,341 Common Shares, $.0001 par value were issued and outstanding at January 31, 1992.

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TNR TECHNICAL, INC.

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PART I. FINANCIAL INFORMATION

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TNR TECHNICAL, INC.
BALANCE SHEETS

ASSETS

	July 31, 1991	January 31, 1992 (Unaudited)
Current Assets		
Cash and cash equivalents	$ 229,133	$ 252,265
Short-term investments	369,456	329,738
Accounts receivable - trade, less allowance for doubtful accounts	213,093	234,764
Inventories	233,706	273,559
Prepaid expenses and other current assets	4,556	16,312
Total Current Assets	1,049,944	1,106,638
Property and equipment, at cost, net of accumulated depreciation and amortization	38,329	52,070
Other Assets		
Deposits	6,573	6,173
Total Assets	$ 1,094,846	$ 1,164,881

LIABILITIES AND SHAREHOLDERS' EQUITY

	July 31, 1991	January 31, 1992 (Unaudited)
Current Liabilities		
Accounts payable	$ 108,377	$ 147,518
Accrued expenses	49,305	41,132
Total Current Liabilities	157,682	188,650
Shareholders' Equity		
Common stock - $.02 par value, authorized 500,000 shares; issued 301,500 shares	6,030	6,030
Additional paid in capital	2,640,003	2,640,003
Retained earnings (deficit)	(1,514,599)	(1,475,532)
	1,131,434	1,170,501
Less cost of treasury stock - 39,159 shares	194,270	194,270
Total Shareholders' Equity	937,164	976,231
	$ 1,094,846	$ 1,164,881

See accompanying notes to financial statements

TNR TECHNICAL, INC.
STATEMENTS OF OPERATIONS

	Three Months Ended January 31,		Six Months Ended January 31,	
	1992	1991	1992	1991
Revenues				
Net sales	$ 578,828	$ 520,704	$ 1,110,805	$ 999,151
Interest	7,197	10,372	14,697	19,294
	586,025	531,076	1,125,502	1,018,445
Costs and Expenses:				
Cost of goods sold	417,062	369,245	790,762	708,771
Selling, general and administrative	156,618	146,127	295,673	259,475
	573,680	515,372	1,086,435	968,246
Income Before Income Taxes	12,345	15,704	39,067	50,199
Provision for Income Taxes	-	-	-	-
Net Income	$ 12,345	$ 15,704	$ 39,067	$ 50,199
Net Income Per Common Share	$ .05	$ .06	$ .15	$ .19
Weighted Average Number of Shares Outstanding	262,341	262,341	262,341	262,341

See accompanying notes to financial statements

TNR TECHNICAL INC.
STATEMENTS OF CASH FLOWS

	Six Months Ended January 31,	
	1992	1991
Cash Flows from Operating Activities		
Net income	$ 39,067	$ 50,199
Adjustments to reconcile net income to net cash used provided by (used in) operating activities:		
Depreciation and amortization	5,868	5,500
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(21,671)	(36,917)
(Increase) decrease in inventories	(39,853)	(37,437)
(Increase) decrease in prepaid expenses and other assets	(11,356)	(9,039)
(Decrease) increase in accounts payable and accrued expenses	30,968	33,789
Net Cash Provided By (Used In) Operating Activities	3,023	6,095
Cash Flows from Investing Activities		
(Purchase) reduction of short-term investments	39,718	(25,824)
Purchase of property and equipment	(19,609)	(798)
Net Cash Provided (Used In) Investing Activities	20,109	(26,622)
Increase (Decrease) in Cash and Cash Equivalents	23,132	(20,527)
Cash and Cash Equivalents - Beginning of Period	229,133	106,974
Cash and Cash Equivalents - End of Period	$ 252,265	$ 86,447

See accompanying notes to financial statements

1. FINANCIAL STATEMENTS

The balance sheet as of January 31, 1992, the statements of operations for the six and three months ended January 31, 1992 and 1991 and the statements of cash flows for the six months ended January 31, 1992 and 1991 have been prepared by the Company, without audit. In the opinion of management all adjustments (which include only normal recurring adjustments), necessary to present fairly the financial position, results of operations and cash flows as of January 31, 1992 and for all periods presented have been made. The results of operations, for the six months ended January 31, 1992 are not necessarily indicative of the results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K, which was filed with the Securities and Exchange Commission.

2. SHAREHOLDERS' EQUITY

The shareholders' approved an amendment to the Certificate of Incorporation to reduce the number of its issued and outstanding shares of Common Stock by issuing one share of Common Stock, $.02 par value, for every two hundred shares of Common Stock, $.0001 par value, as of the close of business on February 21, 1992 and to change the authorized capital stock from 100,000,000 shares of Common Stock, $.0001 par value, to 500,000 shares of Common Stock, $.02 par value. The accompanying financial statements have been restated to give effect to the reverse stock split.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

Working capital amounted to $917,988 at January 31, 1992 as compared to $892,262 at July 31 1991. Cash and short term investments amounted to $582,003 at January 31, 1992 as compared to $598,589 at July 31, 1991.

As more fully described under the Company's Statements of Cash Flows" in its Financial Statements, net cash was provided by operating activities for the six months ended January 31, 1992. The Company's investment activities included the reduction of short-term investments and the purchase of property and equipment.

There are no material commitments for capital expenditures or any long-term credit arrangements.

Results of Operations

Sales for the second quarter and first six months of fiscal 1992 increased by approximately 11% from the comparable periods of the prior year. The gross margin on sales remained relatively constant during the second quarter and first six months of fiscal 1992 as compared to the comparable periods of the prior year.

Operating (selling, general and administrative) expenses increased during the second quarter and first six months of fiscal 1992 by approximately 7% and 14%, respectively, as compared to the comparable periods of the prior year substantially due to increases in advertising and promotional expenses and in salaries of the Company's employees. The Company's operating expenses expressed as a percentage of sales decreased by approximately 1.0% from 28% to 27% for the second quarter of fiscal 1992 and increased by 1.0% from 26% to 27% for the first six months of fiscal 1992.

Net income for the second quarter of fiscal 1992 was $12,345 as compared to net income of $15,704 for the comparable period of the prior year. Net income for the first six months of fiscal 1992 was $39,067 as compared to net income of $50,199 for the comparable period of the prior year. The slight decreases in net income for the current periods were attributed to the increase in operating expenses.

TNR TECHNICAL, INC.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings: None

Item 2. Changes in Securities: None

Item 3. Defaults Upon Senior Securities: None

Item 4. Submission of Matters to a Vote of Security Holders:

At the Company's Annual Meeting of stockholders which took place on January 30, 1992, Jerrold Lazarus, Norman Thaw and Wayne Thaw were re-elected as directors of the Company. The holders of (i) 37,617,843 shares cast their votes in favor of Jerrold Lazarus and 694,814 shares were against; (ii) 37,576,843 shares cast their votes in favor of Norman Thaw and 735,814 shares were against; and (iii) 37,599,843 shares cast their votes in favor of Wayne Thaw and 712,814 shares were against.

In addition, at the Company's Annual Meeting, the Company's stockholders ratified, adopted and approved an amendment to the Corporation's Certificate of Incorporation to reduce the number of its issued and outstanding shares of Common Stock by issuing one share of Common Stock, $.02 par value, for every two hundred shares of Common Stock, $.0001 par value, as of the close of business on February 21, 1992 (the "Effective Date") and to change the authorized capital stock from 100,000,000 shares of Common Stock, $.0001 par value, to 500,000 shares of Common Stock, $.02 par value. This proposal was adopted with 33,561,435 shares casting their vote in favor of the proposal, 924,014 shares were cast against the proposal and 374,350 shares abstained from voting.

Item 5. Other Information: None

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits - None

(b) During the quarter ended January 31, 1992, no report on Form 8-K was filed or required to be filed.

TNR TECHNICAL, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TNR TECHNICAL, INC.
(Registrant)

Dated: March 3, 1992

Jerrold Lazarus (Chairman of the Board, Chief Executive Officer, Chief Accounting and Financial Officer and Treasurer)

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 12, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 0-12312

TPI RESTAURANTS, INC.
(Exact name of registrant as specified in its charter)

TENNESSEE (State or other jurisdiction of incorporation or organization)	62-0840246 (I.R.S. Employer Identification No.)
2158 UNION AVENUE, MEMPHIS, TENNESSEE (Address of principal executive offices)	38104 (Zip code)

(Registrant's telephone number, including area code) (901) 725-6400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x . No ____.

As of August 24, 1992, all of the outstanding shares of the Company were owned by TPI ENTERPRISES, INC.

Registrant meets the conditions set forth in General Instruction (H) (1) (a) and (b) of Form 10-Q and is therefore filing this Form with reduced disclosure format.

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TPI RESTAURANTS, INC. AND SUBSIDIARIES

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Part I. Financial Information

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TPI RESTAURANTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS

	July 12, 1992	December 29, 1991
Current Assets:		
Cash and cash equivalents	$ 2,818	$ 4,165
Receivables, net of allowance for doubtful accounts of $30 and $28 in 1992 and 1991, respectively	1,146	1,461
Inventories	13,691	12,899
Income taxes refundable	1,029	1,029
Other current assets	1,183	677
Total Current Assets	19,867	20,231
Property and Equipment	175,214	163,911
Less accumulated depreciation and amortization	(41,368)	(35,276)
	133,846	128,635
Goodwill, net of accumulated amortization of $5,004 in 1992 and $4,316 on 1991	40,823	41,511
Other intangible assets, net of accumulated amortization of $2,411 in 1992 and $3,671 in 1991	11,719	11,679
Other	2,725	999
	$ 208,980	$ 203,055

LIABILITIES AND STOCKHOLDER'S EQUITY

	July 12, 1992	December 29, 1991
Current Liabilities:		
Note payable to bank	$ 2,100	$ 4,250
Current portion of long-term debt	2,211	1,705
Accounts payable	16,412	14,284
Accrued liabilities	24,433	22,825
Total Current Liabilities	45,156	43,064
Long-term debt	122,507	120,660
Deferred income taxes	963	-
Other liabilities	1,613	1,652
Total Liabilities	170,239	165,376
Commitments and Contingencies		
Stockholder's Equity		
Series A preferred stock ($40,000 aggregate liquidation preference)	-	-
Common stock	-	-
Paid-in capital	50,000	50,000
Retained earnings (deficit)	(11,259)	(12,321)
Total Stockholder's Equity	38,741	37,679
	$ 208,980	$ 203,055

See accompanying notes to Consolidated Financial Statements.

TPI RESTAURANTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)

	Twelve Weeks Ended July 12, 1992	Twelve Weeks Ended July 14, 1991	Twenty-eight Weeks Ended July 12, 1992	Twenty-eight Weeks Ended July 14, 1991
Revenues:				
Restaurant sales	$ 67,885	$ 64,502	$ 151,415	$ 143,748
Other income	565	251	1,014	719
	68,450	64,753	152,429	144,467
Costs and expenses:				
Food and supplies	23,647	24,794	53,487	53,230
Labor	16,695	15,861	37,223	35,589
Other expenses exclusive of depreciation and amortization	9,325	8,701	20,751	19,575
Taxes, other than income taxes	2,930	2,721	6,551	6,276
Depreciation and amortization	3,382	3,160	7,681	7,299
General and administrative	6,769	6,933	15,221	15,984
	62,748	62,170	140,914	137,953
Operating income	5,702	2,583	11,515	6,514
Other income (expense):				
Interest income	10	10	22	28
Interest expense	(4,135)	(4,153)	(9,557)	(9,628)
Loss on disposition of assets	(60)	(1,956)	(72)	(1,956)
Other	44	51	117	121
	(4,141)	(6,048)	(9,490)	(11,435)
Income (loss) before income tax provision (benefit) and extraordinary item	1,561	(3,465)	2,025	(4,921)
Income tax provision (benefit)	677	(1,188)	1,127	(1,188)
Income (loss) before extraordinary item	884	(2,277)	898	(3,733)
Extraordinary item - tax benefit of net operating loss carryforward	-	-	(164)	-
Net income (loss)	$ 884	$ (2,277)	$ 1,062	$ (3,733)

See accompanying notes to Consolidated Financial Statements.

TPI RESTAURANTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Twenty-eight Weeks Ended July 12, 1992	Twenty-eight Weeks Ended July 14, 1991
Cash flows from operating activities:		
Net income (loss)	$ 1,062	$ (3,733)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	7,681	7,299
Loss on disposition of fixed assets	72	1,956
Deferred income taxes	963	(1,042)
Changes in assets and liabilities:		
Receivables	315	145
Inventories	(792)	(4,487)
Other current assets	(506)	(261)
Other assets	(2,013)	(99)
Accounts payable	2,128	6,156
Accrued liabilities	1,608	1,617
Income taxes refundable	-	767
Other liabilities	(39)	(61)
Total adjustments	9,417	11,990
Net cash provided by operating activities	10,479	8,257
Cash flows from investing activities:		
Purchase of property and equipment	(13,650)	(8,504)
Proceeds from sale-leaseback transactions	2,030	-
Proceeds from sale of property and equipment	2,417	436
Net cash used in investing activities	(9,203)	(8,068)
Cash flows from financing activities:		
Proceeds from note payable to bank	45,500	16,486
Payments of note payable to bank	(47,650)	(15,986)
Proceeds from long-term debt	424	-
Payments of long-term debt and capital leases	(897)	(1,434)
Net cash used in financing activities	(2,623)	(934)
Net decrease in cash and cash equivalents	(1,347)	(745)
Cash and cash equivalents at the beginning of the period	4,165	3,512
Cash and cash equivalents at the end of the period	$ 2,818	$ 2,767

Noncash Transactions

Additions to assets under capital leases and the related obligations for the twenty-eight weeks ended July 12, 1992 and July 14, 1991 were $2,826,000 and $821,000, respectively. Capital lease additions in 1992 include $1,254,000 relating to sale-leaseback transactions.

See accompanying notes to Consolidated Financial Statements.

TPI RESTAURANTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. The statements do reflect all adjustments, consisting of only normally recurring accruals, which are, in the opinion of management, necessary for fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. The statements should be read in conjunction with the Notes to the Consolidated Financial Statements for the fiscal year ended December 29, 1991 included in the Company's Annual Report on Form 10-K filed with The Securities and Exchange Commission.

NOTE 2

The results of operations for the twelve and the twenty-eight week periods ended July 12, 1992, and July 14, 1991 are not necessarily indicative of the results to be expected for the full year.

NOTE 3

Refinancing

On August 6, 1992, the Company completed the refinancing (the "Refinancing") of its 14.25% Senior Subordinated Notes (the "Notes"). Pursuant to the Refinancing, TPI Enterprises, Inc. ("Enterprises") issued $51,750,000 aggregate principal amount of 8.25% Convertible Subordinated Debentures, due 2002 (the "Debentures"), which are guaranteed by the Company on a subordinated basis, and the Company entered into a credit agreement with a syndicate of banks (the "Banks") providing for term and revolving credit facilities totalling $55,000,000 (the "Credit Facilities"). The net proceeds from the debenture offering (the "Offering") together with $45,000,0000 of existing corporate funds, were contributed to the Company by Enterprises and were used by the Company along with borrowings under the Credit Facilities to repurchase approximately $97,500,000 aggregate principal amount of the Notes. Approximately $81,650,000 aggregate principal amount of the Notes were repurchased pursuant to a tender offer (the "Tender Offer"), at a total cost of approximately $95,000,000 including premium, consent fees and accrued interest to July 29, 1992. An additional $15,850,000 aggregate principal amount of the Notes, previously purchased by Enterprises for $17,798,000, were repurchased by the Company at a total cost of approximately $18,300,000, which amount represented Enterprises' cost plus accrued interest to July 29, 1992 (the "Intercompany Repurchase").

Debentures

The net proceeds to the Company from the Offering were approximately $48,000,000, net of the underwriting discount and estimated expenses. Interest on the Debentures accrues from July 29, 1992 and is payable on January 15 and July 15 commencing January 15, 1993. The Debentures are convertible at the option of the holder into common shares of Enterprises' stock at any time prior to maturity, unless previously redeemed or repurchased, at a conversion price of $6.50 per share, subject to adjustment in certain events.

The Debentures mature on July 15, 2002 and are redeemable, in whole or in part, at the option of Enterprises at any time on or after July 15, 1995 initially at 105.775% of their principal amount and declining to 100% of their principal amount on July 15, 2002, together with accrued and unpaid interest. The Debenture holders may also require Enterprises to repurchase the Debentures, in whole or in part, in certain circumstances involving a change in control of Enterprises as defined in the indenture covering the Debentures (the "Indenture"). However, a change in control, as defined in the Indenture, will create an event of default under the Credit Facilities and, as a result, any repurchase would, absent a waiver, be blocked by the subordination provisions of the Indenture until the Credit Facilities (and any other senior indebtedness of Enterprises and senior indebtedness of the Company with respect to which there is a payment default) have been repaid in full.

The Debentures are unconditionally guaranteed ("the Guarantee") on a subordinated basis by the Company. The Debentures and the Guarantee are subordinated to all existing and future senior indebtedness, as defined in the Indenture, of Enterprises and the Company, respectively, and are also effectively subordinated to all indebtedness of the other subsidiaries of Enterprises and the subsidiaries of the Company. The Indenture does not prohibit or limit the ability of the Company or any of its subsidiaries to incur additional indebtedness, including indebtedness which will rank senior to the Debentures.

Credit Facilities

On July 29, 1992, simultaneously with the consummation of the Offering and the Tender Offer, the Company entered into the credit agreement covering the Credit Facilities. The Credit Facilities consist of a $30,000,000 term loan facility (the "Term Loan Facility") and a $25,000,000 revolving credit facility (the "Revolving Credit Facility"). Up to $20,000,000 of the Revolving Credit Facility is available for direct borrowings by the Company (the "Revolving Borrowings") for general corporate purposes. A portion of the Revolving Credit Facility is also available for letters of credit.

The Term Loan Facility, of which the entire $30,000,000 has been borrowed, matures approximately five years after closing and is payable in 20 consecutive quarterly installments of $750,000 per quarter during the first two years of the Term Loan and $2,000,000 per quarter for the remainder of the Term Loan. The Revolving Credit Facility matures two years after closing at which time the Revolving Borrowings will be required to be repaid in full. Because the Credit Facilities do not permit the obtaining of a replacement for the Revolving Credit Facility from another lender, the Company will likely be required to refinance the entire amount of the Credit Facilities upon the expiration of the Revolving Credit Facility unless the Banks extend the Revolving Credit Facility.

The Term Loan and Revolving Borrowings will initially bear interest, at the option of the Company, at either (i) the Alternate Base Rate (as defined below) plus 1.50% (the "Alternate Base Rate Margin") or (ii) LIBOR (adjusted for reserves) for interest periods of 1, 2, 3, or 6 months, plus 2.50% (the "LIBOR Margin"). After the second fiscal quarter of 1993, the applicable interest margin will be adjusted from time to time based upon certain financial ratios of the Company. The alternate Base Rate Margin may vary from 0.50% to 1.75% and the LIBOR Margin may vary from 1.50% to 2.75%. The "Alternate Base Rate" is the greater of (a) the prime commercial lending rate as publicly announced to be in effect from time to time of one of the Banks, and (b) 0.50% plus the federal funds rate (as published by the Federal Reserve Bank of New York). An additional amount of interest will be payable if any payment of principal or interest is not paid when due. The Company has agreed to pay certain fees and expenses of the Banks in connection with the original commitment letter and Credit Facilities which, together with the Company's other costs in connection with obtaining the Credit Facilities, total approximately $2,000,000 and has also agreed to indemnify the Banks against certain liabilities. The Company also agreed to pay various fees and expenses in connection with letters of credit to be issued against the Revolving Credit Facility and commitment fees equal to 0.50% per annum on the average daily unused amount of the Revolving Credit Facility and the Term Loan Facility.

The borrowings under the Credit Facilities have been initially secured by all shares of the capital stock of the Company whenever issued, intercompany debt of the Company owed to Enterprises and lease assignments with respect to certain premises in which the land is currently leased but the building located thereon is owned by the Company. In addition, the Banks have the right to obtain, as security, assignments of other leases and/or mortgages on real property currently owned or hereafter acquired. Notwithstanding the foregoing, the Company has rights to finance certain of these properties and obtain a release of the collateral under certain conditions. Enterprises has irrevocably and unconditionally guaranteed the full and prompt payment when due of all obligations of the Company under the Credit Facilities.

The Credit Facilities limit, among other things, the ability of the Company and its subsidiaries to incur additional indebtedness, pay dividends, issue preferred stock of subsidiaries, repay indebtedness prior to its stated maturity, create liens, sell assets, engage in mergers or acquisitions, make certain capital expenditures and make investments in subsidiaries. The Company must also maintain certain financial ratios.

Tender Offer and Consent Solicitation

Pursuant to the Tender Offer which commenced on June 12, 1992 and which was amended July 6, 1992, the Company offered to purchase $84,150,000 aggregate principal amount of the Notes at an aggregate cash purchase price of $1,140 per $1,000 principal amount of such Notes plus accrued interest thereon, which consisted of $1,080 per $1,000 principal amount for validly tendered Notes and $60 per $1,000 principal amount for validly delivered consents to certain amendments (the "Amendments") to the indenture covering the Notes (the "14.25% Indenture"). The Amendments, adopted pursuant to the supplemental indenture to the 14.25% Indenture dated July 20, 1992, modified certain covenants in the 14.25% Indenture relating to, among other things, dividends and other restricted payments, incurrence of indebtedness and transactions with affiliates in order to facilitate the Refinancing. $81,676,000 principal amount of the Notes were accepted for purchase and paid for by the Company. In addition the Company purchased from Enterprises $15,850,000 aggregate principal amount of the Notes which had been previously purchased by Enterprises on the open market.

The cost of the Notes repurchased pursuant to the Tender Offer and subsequently, in excess of their principal amount, together with the consent fees, the related deferred finance costs and costs of the Tender Offer, will be charged to income as an extraordinary item, net of income tax, during the third quarter of 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

TPI Restaurants, Inc. (the "Company") maintains its financial records on a 52-53 week fiscal year ending on the last Sunday in December. The first quarterly reporting period consists of sixteen weeks and the remaining three quarters are twelve weeks each. The Company's business is seasonal in nature with the second and third fiscal quarters (Spring and Summer) having higher weekly sales volumes than the first and fourth quarters. The number of restaurants operated by the Company were 243 at July 14, 1991 and 250 at July 12, 1992.

Year to Date 1992 Compared to Year to Date 1991

Operating income increased $5,001,000 or 77% from $6,514,000 in 1991 to $11,515,000 in 1992 as follows:

	Twenty Eight Weeks Ended July 12, 1992 (In thousands)	%	Twenty-eight Weeks Ended July 14, 1991 (In thousands)	%
Revenues	$ 152,429	100	$ 144,467	100
Costs and expenses:				
Food and supplies	53,487	35.1	53,230	36.8
Labor	37,223	24.4	35,589	24.6
Other operating expenses	20,751	13.6	19,575	13.6
Taxes, other than income tax	6,551	4.3	6,276	4.3
Depreciation and amortization	7,681	5.0	7,299	5.1
General and administrative	15,221	10.0	15,984	11.1
	140,914	92.4	137,953	95.5
Operating Income	$ 11,515	7.6	$ 6,514	4.5

Revenues increased $7,962,000 or 5.5% from $144,467,000 in 1991 to $152,429,000 in 1992. This increase was primarily attributable to additional sales of $7,211,000 from new restaurants built after the second quarter of 1991, $2,654,000 from same store sales increases of 2.2% in the Shoney's concept and .75% in the Captain D's concept and $295,000 from insurance operations. These increases were offset by decreases in revenues from closed stores and the Company's other restaurant concepts totalling approximately $2,198,000.

The cost of food and supplies increased by $257,000, or .5%, from $53,230,000 in 1991 to $53,487,000 in 1992. The cost of food and supplies as a percentage of revenue declined from 36.8% to 35.1% between 1991 and 1992. The percentage decrease is due to the Company's improvements in its commissary operations, a general decline in the cost of certain food items purchased by the Company and improved purchase discounts and rebates.

Labor costs increased by $1,634,000 or 4.6% from $35,589,000 in 1991 to $37,223,000 in 1992. Despite an increase in the minimum wage after the first quarter of 1991, labor costs as a percentage of revenue declined from 24.6% in 1991 to 24.4% in 1992. The decline is a result of the Company's continuing efforts to decrease labor costs through the utilization of a master scheduling program as sales continue to increase.

Other operating expenses increased $1,176,000 or 6.0% from $19,575,000 in 1991 to $20,751,000 in 1992, but as a percentage of revenue remained at 13.6% in both periods. This increase was primarily due to increases in facility costs associated with the additional number of restaurants operated by the Company. Workers compensation included in other operating expenses which had increased significantly since May 1990 decreased by approximately $258,000 or 10.9% from $2,357,000 in 1991 to $2,099,000 in 1992. Following the implementation of an aggressive loss control program, both the frequency and severity of losses declined significantly.

Taxes, other than income taxes increased by $275,000 or 4.4%, from $6,276,000 in 1991 to $6,551,000 in 1992, but as a percentage of revenue remained at 4.3% in both periods.

Depreciation and amortization increased by $382,000 or 5.2% from $7,299,000 in 1991 to $7,681,000 in 1992 primarily due to recent capital expenditures in the form of newly built restaurants, continued implementation of the Company's remodeling program and refurbishments.

General and administrative expenses decreased by $763,000 or 4.8% from $15,984,000 in 1991 to $15,221,000 in 1992 and from 11.1% to 10.0% of revenues. Increases in salaries, advertising and professional fees were offset by reduced freight and trucking costs and improved absorption of general and administrative expenses by the commissary operations.

Second Quarter of 1992 Compared to Second Quarter of 1991

Operating income increased $3,119,000 or 121% from $2,583,000 during the second quarter of 1991 to $5,702,000 during the second quarter of 1992 as follows:

	Twelve Weeks Ended July 12, 1992 (In thousands)	%	Twelve Weeks Ended July 14, 1991 (In thousands)	%
Revenues	$ 68,450	100	$ 64,753	100
Costs and expenses:				
Food and supplies	23,647	34.5	24,794	38.3
Labor	16,695	24.4	15,861	24.5
Other operating expenses	9,325	13.6	8,701	13.4
Taxes, other than income tax	2,930	4.3	2,721	4.2
Depreciation and amortization	3,382	5.0	3,160	4.9
General and administrative	6,769	9.9	6,933	10.7
	62,748	91.7	62,170	96.0
Operating Income	$ 5,702	8.3	$ 2,583	4.0

Revenues increased $3,697,000 or 5.7% from $64,753,000 in 1991 to $68,450,000 in 1992. This increase was primarily attributable to additional sales of $3,941,000 from new restaurants built after the second quarter of 1991 and $799,000 from a same store sales increase of 2.0% in the Shoney's concept. These increases were offset by a 1.9% decrease in same store sales in the Captain D's concept and decreases from closed stores and the Company's other restaurant concepts totalling approximately $1,358,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

The cost of food and supplies decreased by $1,147,000, or 4.6%, from $24,794,000 in 1991 to $23,647,000 in 1992. The cost of food and supplies as a percentage of revenue declined from 38.3% to 34.5% between 1991 and 1992. These decreases related to improvements in the Company's commissary operations, a general decline in the cost of certain food items purchased by the Company and improved purchase discounts and rebates.

Labor costs increased by $834,000, or 5.3% from $15,861,000 in 1991 to $16,695,000 in 1992. Despite an increase in the minimum wage after the first quarter of 1991, labor costs as a percentage of revenue declined from 24.5% in 1991 to 24.4% in 1992. The decline is the result of the Company's continuing efforts to decrease labor costs through the utilization of a master scheduling program.

Other operating expenses increased $624,000 or 7.2% from $8,701,000 in 1991 to $9,325,000 in 1992, and as a percentage of revenue increased from 13.4% to 13.6%. This increase was primarily due to an increase in facility costs associated with the additional number of restaurants operated by the Company. Workers compensation included in other operating expenses which had increased significantly since May 1990 decreased by approximately $43,000 or 5.1% from $843,000 in 1991 to $800,000 in 1992. Following the implementation of an aggressive loss control program, both the frequency and severity of losses have declined significantly.

Taxes, other than income taxes increased by $209,000 or 7.7%, from $2,721,000 in 1991 to $2,930,000 in 1992, and was 4.3% of revenues in 1992 compared to 4.2% in 1991.

Depreciation and amortization increased by approximately $222,000, or 7.0%, from $3,160,000 in 1991 to $3,382,000 in 1992 primarily due to recent capital expenditures in the form of newly built restaurants, continued implementation of the Company's remodeling program and refurbishments.

General and administrative expenses decreased by approximately $164,000 or 2.4% from $6,933,000 in 1991 to $6,769,000 in 1992 and from 10.7% to 9.9% of revenues between the quarterly periods. Increases in incentive compensation, advertising and professional fees from the second quarter of 1991 to the second quarter of 1992 were offset by reduced freight and trucking costs and improved absorption of general and administrative expenses by the commissary operations.

General

Income taxes are computed in accordance with a Tax Sharing and Payment Agreement with TPI Enterprises, Inc. The provision (benefit) for income taxes consists of state and local income taxes and a federal tax benefit at the statutory rate of 34% on the income (loss) from operations. When providing for income taxes, the income (loss) before provision (benefit) for income taxes must be increased by the difference between the amount of depreciation and amortization expense related to the fair value of the Company's assets acquired and the amount of depreciation and amortization expense for these same assets allowed for income tax purposes. In February 1992, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Adoption of this statement is currently required for fiscal years beginning after December 15, 1992. The Company is not able to determine at the present time the effect that adoption of the new statement will have on its consolidated financial statements.

Liquidity and Capital Resources

On August 6, 1992, the Company completed the refinancing (the "Refinancing") of its 14.25% Subordinated Notes (the "Notes"). Pursuant to the Refinancing, TPI Enterprises issued $51,750,000 aggregate principal amount of its 8.25% Convertible Subordinated Debentures due 2002 (the "Debentures"), which are guaranteed by the Company on a subordinated basis, and the Company entered into a new credit agreement with a syndicate of banks (the "Banks") providing for term and revolving credit facilities totalling $55,000,000 (the "Credit Facilities"). The net proceeds from the Debenture offering (the "Offering"), together with $45,000,000 of existing corporate funds of TPI Enterprises, were contributed to the Company by Enterprises and were used by the Company along with borrowings under the Credit Facilities to repurchase approximately $97,500,000 aggregate principal amount of the Notes. Approximately $81,650,000 aggregate principal amount of the Notes were repurchased pursuant to a tender offer (the "Tender Offer"), at a total cost of approximately $95,000,000 including premium, consent fees and accrued interest to July 29, 1992. An additional $15,850,000 aggregate principal amount of the Notes, previously purchased by Enterprises for $17,798,000 were repurchased by the Company at a total cost of approximately $18,300,000 which amount represented Enterprises' cost plus accrued interest to July 29, 1992 (the "Intercompany Repurchase").

The Debentures are convertible at the option of the holder into common shares of Enterprises' stock at any time prior to maturity, unless previously redeemed or repurchased, at a conversion price of $6.50 per share, subject to adjustment in certain events. The Debentures mature on July 15, 2002 and are redeemable, in whole or in part, at the option of Enterprises at any time on or after July 15, 1995, initially at 105.775% of their principal amount and declining to 100% of their principal amount on July 15, 2002, together with accrued and unpaid interest. The Debenture holders may also require Enterprises to repurchase the Debentures, in whole or in part, in certain circumstances involving a change in control of Enterprises as defined in the indenture covering the Debentures (the "Indenture"). However, a change in control, as defined in the Indenture, will create an event of default under the Credit Facilities and, as a result, any repurchase would, absent a waiver, be blocked by the subordination provisions of the Indenture until the Credit Facilities (and any other senior indebtedness of Enterprises and senior indebtedness of the Company with respect to which there is a payment default) have been repaid in full.

The Debentures are unconditionally guaranteed (the "Guarantee") on a subordinated basis by the Company. The Debentures and the Guarantee are subordinated to all existing and future senior indebtedness, as defined in the Indenture, of Enterprises and the Company, respectively, and are also effectively subordinated to all indebtedness of the other subsidiaries of Enterprises and the subsidiaries of the Company. The Indenture does not prohibit or limit the ability of the Company or any of its subsidiaries to incur additional indebtedness, including that which will rank senior to the Debentures.

On July 29, 1992 simultaneously with the consummation of the Offering and Tender Offer, the Company entered into the credit agreement covering the Credit Facilities. The Credit Facilities consist of a $30,000,000 term loan facility (the "Term Loan Facility") and a $25,000,000 revolving credit facility (the "Revolving Credit Facility"). Up to $20,000,000 of the Revolving Credit Facility is available for direct borrowings by the Company (the "Revolving Borrowings") for general corporate purposes. A portion of the Revolving Credit Facility is also available for letters of credit.

The Term Loan Facility, of which the entire $30,000,000 has been borrowed, matures approximately five years after closing and is payable in 20 consecutive quarterly installments of $750,000 per quarter during the first two years of the Term Loan and $2,000,000 per quarter for the remainder of the Term Loan. The Revolving Credit Facility matures two years after closing at which time Revolving Borrowings will be required to be repaid in full. Because the Credit Facilities do not permit the obtaining of a replacement for the Revolving Credit Facility from another lender, the Company will likely be required to refinance the entire amount of the Credit Facilities upon the expiration of the Revolving Credit Facility unless the Banks extend the Revolving Credit Facility.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

The borrowings under the Credit Facilities have initially been secured by all shares of the capital stock of the Company whenever issued, intercompany debt of the Company owed to Enterprises and lease assignments with respect to certain premises in which the land is currently leased but the building located thereon is owned by the Company. In addition, the Banks have the right to obtain, as security, assignments of other leases and/or mortgages on real property currently owned or hereafter acquired. Notwithstanding the foregoing, the Company has rights to finance certain of these properties and obtain a release of the collateral under certain conditions. Enterprises has irrevocably and unconditionally guaranteed the full and prompt payment when due of all obligations of the Company under the Credit Facilities.

The Credit Facilities limit, among other things, the ability of the Company and its subsidiaries to incur additional indebtedness, pay dividends, issue preferred stock of subsidiaries, repay indebtedness prior to its stated maturity, create liens, sell assets, engage in mergers or acquisitions, make certain capital expenditures, and make investments in subsidiaries. The Company must also maintain certain financial ratios.

Pursuant to the Tender Offer, the Company offered to purchase $84,150,000 aggregate principal amount of the Notes at an aggregate cash purchase price of $1,140 per $1,000 principal amount of such Notes plus accrued interest thereon, for validly tendered Notes and validly delivered consents to certain amendments (the "Amendments") to the Indenture covering the Notes (the "14.25% Indenture"). The Amendment, adopted pursuant to the supplemental indenture to the 14.25% Indenture dated July 20, 1992, modified certain covenants in the 14.25% Indenture, relating to, among other things, dividends and restricted payments, incurrence of indebtedness and transactions with affiliates, in order to facilitate the Refinancing. $81,676,000 principal amount of the Notes were accepted for purchase and paid for by the Company. Enterprises had previously purchased $15,850,000 aggregate principal amount of the Notes in the open market. The total cost of the Notes repurchased pursuant to the Tender Offer and the additional $1,000,000 repurchased on August 11, 1992 in excess of their principal amount, together with the consent fees, the related deferred finance costs and costs of the tender offer, will be charged to income as an extraordinary item, net of income tax, during the third quarter of 1992.

The Company sold $100,000,000 principal amount of the Notes in November 1988. Following the refinancing and the repurchase of an additional $1,000,000 principal amount of the Notes, approximately $1,500,000 of the Notes remain outstanding. Restrictions under the Indenture, the Guarantee, the Credit Facilities and the 14.25% Indenture, as amended, are not expected to affect the Company's ability to meet its obligations.

As of July 12, 1992, there was $2,100,000 outstanding against the Company's line of credit in the amount of $10,000,000 which was extended until the closing of the Credit Facilities on July 29, 1992. In connection with the line of credit, Enterprises pledged a $6,000,000 certificate of deposit with the bank as security for the repayment of the first $6,000,000 of any outstanding balance on the credit line and guaranteed the Company's repayment of any remaining balance on the credit line. As of the end of the second quarter, the Company had $7,780,000 of standby letters of credit outstanding. The letters of credit were secured by a $5,700,000 certificate of deposit of Enterprises. Pursuant to the Refinancing, the line of credit was repaid, outstanding letters of credit have been deemed issued pursuant to the Revolving Credit Facility and certificates of deposit which had been securing the obligations became available for Enterprises' general working capital purposes. As of August 24, 1992, standby letters of credit in the amount of approximately $7,780,000 were outstanding and there were no Revolving Borrowings outstanding. Consequently, approximately $17,220,000 of the Revolving Credit Facility is available for general corporate purposes. The Company believes that all of its working capital needs for 1992 will be met through cash generated by operations and borrowings available under the Credit Facilities.

The Company has a working capital deficiency at July 12, 1992 of approximately $25,000,000. The Company's operations do not have significant receivables or inventory and receive trade credit based upon negotiated terms in purchasing food and supplies. Therefore, like many other companies in the restaurant industry, the Company generally operates with negative working capital.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

The Company's "maintenance capital expenditures" at existing restaurants approximate $2,000,000 annually and are required in order to replace individual building or equipment components which are needed from time to time as a result of normal wear. In addition, the Company has embarked on a plan to expand the number of restaurants that it operates. The Company's current expansion plan is based upon a number of factors, including the amount and terms of financing the Company currently anticipates being available, the anticipated cost of construction and the continued success of its restaurants. Remodeling costs for existing restaurants and costs for land, building and equipment for new restaurants and support facilities were approximately $14,000,000 during 1991 and approximately $12,000,000 during the first half of 1992. The Company received proceeds of approximately $2,030,000 through sale-leaseback transactions during the first half of 1992, which provided for the financing of approximately eighty percent of the costs of certain of its Shoney's restaurants. Such proceeds represent a reimbursement for a portion of the Company's cash outlays during 1992 and 1991 for the aforementioned costs for new restaurants.

After giving effect to the Refinancing, based upon current levels of operations and anticipated growth, the Company expects that sufficient cash flow will be generated from operations so that, combined with other financing alternatives available to it, including borrowings under the Credit Facilities, mortgage financing and sale-leaseback transactions as described above, the Company will be able to meet all of its debt service requirements, as well as its capital expenditure and working capital requirements.

The Company is required under an agreement with Shoney's, Inc. to have open July 1, 1995 the same number of Shoney's restaurants (including the additional Shoney's described below) that were operated by the Company on July 1, 1988 (170 restaurants) to avoid termination of its reserved area agreements. Operating restaurants which were purchased from existing franchisees may not be counted towards the July 1, 1995 requirement. As of August 24, 1992 the Company needed to construct five new Shoney's restaurants in order to meet this requirement. The Company's reserved area agreement for Shoney's restaurants for 28 counties in Texas includes an expansion schedule that requires the Company to develop a total of 14 Shoney's restaurants over a nine year period ending in 1997 or Shoney's, Inc. would have the right to terminate the Company's exclusive rights in those counties. Additionally, the Company has entered into an agreement with Shoney's, Inc. to develop 38 new Captain D's restaurants over the next 20 years, at the approximate rate of two per year. The Company intends to meet these expansion requirements, and the costs for such expansions through 1992 are provided for in the Company's current and planned capital expenditures described above.

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits: None

(b) Reports on Form 8-K: None

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TPI Restaurants, Inc.
(Registrant)

Date: August 25, 1992

By: /s/ Frederick W. Burford

Frederick W. Burford
Vice President & Chief Financial Officer
(Principal Financial Officer)

Date: August 25, 1992

By: /s/ Michael D. Sanford

Michael D. Sanford
Controller
(Principal Accounting Officer)

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FORM 10Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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(Mark One)
(X) QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SEC
EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992
OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transaction period from ______________ to ______________.

FOR QUARTER ENDED January 31, 1992 Commission file number 0-13039

Universal Services Group, Inc. (Formerly Reprotech, Inc.)
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	62-1133652 (I.R.S. Employer Identification No.)
500 Jericho Turnpike, Mineola, New York (Address of principal executive office)	11501 (Zip Code)

(Registrant's telephone number, including area code) (516)873-7800

N/A
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes __________ No __________.

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
Yes __________ No __________.

APPLICABLE ONLY TO CORPORATE ISSUER: Indicate the number of shares outstanding of the issuers common stock at the latest practical date.

At April 30, 1992, the registrant had 5,353,857 shares of common stock, $ .06 par value, issued and outstanding.

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UNIVERSAL SERVICES GROUP, INC. AND SUBSIDIARIES

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PART 1

UNIVERSAL SERVICES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	JANUARY 31, 1992 (UNAUDITED)	OCTOBER 31, 1991 (UNAUDITED)
ASSETS:		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 5,850	$ 1,317
Accounts Receivable, Net	1,413,234	1,411,273
Other Current Assets	65,247	43,239
TOTAL CURRENT ASSETS	$ 1,484,331	$ 1,455,829
PROPERTY AND EQUIPMENT, Net	$ 13,010	$ 15,419
OTHER ASSETS	14,912	$ 17,561
TOTAL ASSETS	$ 1,512,253	$ 1,488,809
LIABILITIES:		
CURRENT LIABILITIES		
Notes Payable - Bank	$ 770,873	$ 839,990
Current Maturities of Long Term Debt	40,359	41,059
Accounts Payable - Trade	254,285	257,281
Accrued Payroll	100,602	72,110
Payroll Taxes Payable	207,394	179,980
Accrued Expenses	377,660	369,219
TOTAL CURRENT LIABILITIES	$ 1,751,173	$ 1,759,639
NON-CURRENT LIABILITIES		
Long-Term Debt - Less Current Maturities	$ 80,743	$ 79,693
Net Liabilities and Losses of Discontinued Operations	-	-
TOTAL NON-CURRENT LIABILITIES	$ 80,743	79,693
NOTES PAYABLE - RELATED PARTIES	$ 622,409	$ 615,109
STOCKHOLDERS' EQUITY:		
Common Stock - $.06 Par Value; Authorized 50,000,000 Shares; Issued and Outstanding 5,353,857	$ 321,232	$ 321,232
Additional Paid-In Capital	322,097	322,097
Retained Earnings (Deficit)	$(1,585,401)	$(1,608,961)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	$(942,072)	$(965,632)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 1,512,253	$ 1,488,809

See Notes to Consolidated Financial Statements.

UNIVERSAL SERVICES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JANUARY 31, 1992 AND JANUARY 31, 1991

(UNAUDITED)

	JANUARY 31, 1992	JANUARY 31, 1991
REVENUES	$ 2,740,849	$ 3,536,031
DIRECT COSTS	2,315,846	3,055,059
GROSS OPERATING INCOME	$ 425,003	$ 480,972
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	351,594	381,141
INCOME FROM OPERATIONS	$ 73,409	$ 99,831
OTHER INCOME (EXPENSES):		
Penalty Expense	$(-)	$(-)
Interest Expense, Net	(54,209)	(76,270)
TOTAL OTHER INCOME (EXPENSES)	$(54,209)	$(76,270)
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	$ 19,200	$ 23,561
INCOME TAX EXPENSE (BENEFIT)	-	-
NET INCOME	$ 19,200	$ 23,561
NET INCOME PER SHARE	$ -	$ -

See Notes to Consolidated Financial Statements.

UNIVERSAL SERVICES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 31, 1992 AND JANUARY 31, 1991

(UNAUDITED)

	JANUARY 31, 1992	JANUARY 31, 1991
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income From Continuing Operations	$ 19,200	$ 23,561
Adjustments to Reconcile Gains to Net Cash Provided by Continuing Operations		
Depreciation and Amortization	$ 2,409	$ 4,153
CHANGE IN ASSETS AND LIABILITIES:		
(Increase) Decrease in Accounts Receivable	(1,961)	(101,840)
(Increase) Decrease in Other Current Assets	(22,008)	(5,018)
(Increase) Decrease in Other Assets	2,649)	(399)
Increase (Decrease) in Accounts Payable	(2,996)	79,569
Increase (Decrease) Accrued Payroll	28,492	(151,449)
Increase (Decrease) in Payroll Taxes Payable	27,414	101,755
Increase (Decrease) in Accrued Expenses	8,441	7,157
Increase (Decrease) in Notes Payable - Related Parties	7,300	14,700
Total Adjustments	$ 49,740	$(51,372)
Net Cash Provided by Continuing Operations	$ 68,940	$(27,811)
INVESTING ACTIVITIES		
Purchase of Assets	-	-
Sale of Assets	-	-
NET CASH - INVESTING ACTIVITIES	$ -	$ -
FINANCING ACTIVITIES		
Additional Borrowings from Bank	$2,599,360	$ 3,418,255
Payments on Short-Term Borrowings - Bank	(2,663,767)	(3,410,489)
Payments on Long-Term Obligations and on Capital Lease Obligations	-	(6,928)
NET CASH - FINANCING ACTIVITIES	$(64,407)	$ 838
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 4,533	$(26,973)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIODS	1,317	65,035
CASH AND CASH EQUIVALENTS - END OF PERIODS	$ 5,850	$ 38,062

See Notes to Consolidated Financial Statements.

UNIVERSAL SERVICES GROUP, INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA

	Year Ended October 31, 1991	(1) 1990	(1) 1989	(1) 1988
TOTAL REVENUES	$12,583,836	$16,525,449	$17,053,148	$11,098,335
INCOME (LOSS) FROM CONTINUING OPERATION BEFORE TAXES	$152,433	$166,807	$203,241	($800,586)
INCOME (LOSS) FROM CONTINUING OPERATIONS	$96,033	$94,607	$127,035	($775,794)
GAIN (LOSS) FROM DISCONTINUED OPERATIONS	---	$386,382	$342,190	($1,549,819)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	$96,033	$480,989	$469,225	($2,325,613)
NET INCOME (LOSS)	$146,533	$545,628	$395,431	($2,657,161)
INCOME (LOSS) PER SHARE:				
Continuing Operations	$0.01	$0.02	$0.02	($0.15)
Discontinued Operations	---	$0.07	$0.06	($0.30)
Before Extraordinary Items	$0.01	$0.09	$0.08	($0.45)
Extraordinary Items	$0.01	$0.01	($0.01)	($0.06)
Net Income (Loss)	$0.02	$0.10	$0.07	($0.51)
WORKING CAPITAL (DEFICIT)	($303,810)*	($452,665)	($828,051)	($1,745,502)
TOTAL ASSETS	$1,488,809	$1,886,412	$2,246,275	$2,557,490
LONG-TERM DEBT	$694,802	$685,679	$887,852	$626,670
STOCKHOLDERS' EQUITY (DEFICIT)	($965,632)	($1,094,108)	($1,639,736)	($2,047,667)
CASH DIVIDENDS PER SHARE	--	--	--	--
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	5,353,857	5,353,857	5,276,575	5,187,672

(1) Per share data have been adjusted to reflect the 1990 one-for-six reverse stock split.

* Typographical Error in 10/31/91 Form 10K.

UNIVERSAL SERVICES GROUP, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES:

For the three months ended January 31, 1992, cash and cash equivalents decreased $32,212 from January 31, 1991 compared with a decrease of $26,973 for the same period last year. The decrease is attributable to $48,940 net cash provided from operations and a decrease in net short-term borrowings of $44,407.

On January 31, 1992, the Company's current liabilties exceeded its current assets by $266,842. Total liabilities exceeded total assets by $942,072 which resulted in a deficit in stockholder's equity. The Company continues to experience a working capital shortage in fiscal 1992. Although no assurances can be given, management believes that the Company will be able to meet its fiscal 1992 financial obligations, assuming a continuation of profitable operations and a credit facility. The Company has been informed that its loan and security agreement with Security Pacific Business Credit, Inc. which was to be terminated effective June 16, 1990 is being extended on a recurring 30 day basis until a new credit facility is established. The Company is currently seeking alternative financing and the possibility of raising additional capital.

UNIVERSAL SERVICES GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

   Name Change - On May 11, 1990 the Company changed its name from Reprotech, Inc. to Universal Services Group, Inc.

   Basis of Presentation - The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, General Industrial Technologies, Inc. and Data Sciences, Inc. All significant intercompany transactions have been eliminated.

   Property and Equipment and Depreciation - Property and equipment are carried at cost. Depreciation is computed primarily using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

   Revenue Recognition - The Corporation reports personnel service revenue when the service is provided.

   Reclassified - Certain prior years items have been reclassified to conform with current years presentation.

   Common Stock - Effective May 11, 1990 the Company declared a one-for-six reverse stock split. All references in the financial statements to weighted average numbers of shares and per share amounts have been restated to reflect the split.

2. In the opinion of management, the accompanying unaudited financial statements contain all adjustments consisting only of normal recurring adjustments necessary to present fairly the financial position, the results of operations and cash flows for the periods presented.

   These statements should be read in conjunction with the summary of significant accounting policies and notes contained in the registrant's annual report (Form 10K) for the year ended October 31, 1992.

ITEM 2

UNIVERSAL SERVICES GROUP, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS:

Revenues for the three months ended January 31, 1992 were $2,740,849 as compared with $3,536,031 for the quarter ended January 31, 1991. For the quarter ended January 31, 1992, the Company reported net income of $19,200 as compared with net income of $23,561 for the similar period in 1991. The decline in revenue for both periods presented is principally attributable to an industry-wide slowdown in the demand for temporary technical personnel during this continued recession.

Direct costs were $2,315,846 and $3,055,059 to 84.5% and 86.4% of revenues for the three months ended January 31, 1992 and January 31, 1991, respectively. The increase in direct costs in this quarter as a percentage of revenue was partially due to decreased margins.

Selling, general and administrative expenses decreased to $351,594 for a decrease of 1.1% of revenues for the three months ended January 31, 1992, as compared with the same period last year. In June 1991 the Laguna Hills, California sales office was closed. In December, 1991, the Company closed its Blue Bell, Pennsylvania sales office. In January, 1992, the Company closed its Elmwood Park, New Jersey office. Operations for these offices were being handled by the Valley Stream, New York office and the Woodland Hills, California office. The reduction of SG&A is directly related to the closing of the offices.

Interest expense decreased to $54,209 from $76,270 for the three month period ending January 31, 1992 primarily because of decreased loan balances and reduced interest costs.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None required to be filed for Part II on this report.

(b) Reports on Form 8-K

The Registrant did file a Form 8-K on January 23, 1992.

UNIVERSAL SERVICES GROUP, INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to requirements of Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNIVERSAL SERVICES GROUP, INC.
(REGISTRANT)

DATED: April 30, 1992

WALTER SHERIDAN
PRESIDENT AND
CHIEF OPERATING OFFICER
DULY AUTHORIZED

DATED: April 30, 1992

ROBERT FORST
VICE PRESIDENT - FINANCE
CHIEF FINANCIAL OFFICER

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FORM 10-Q. - QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q.

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the period ended January 31, 1992

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________

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Commission File Number: 33-20783-D

UPTICK VENTURES, INC.
(exact name of registrant as specified in its charter)

Colorado	84-1064958
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer identification No.)
8045 Holland Ct., Unit D, Arvada, CO	80005
(Address of principal executive Officers)	(Zip Code)

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(303) 431-7383
(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

[ ] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of January 31, 1992, Registrant had 35,000,000 shares of common stock, $.0001 Par Value, outstanding.

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UPTICK VENTURES, INC.
(A Development Stage Enterprise)

BALANCE SHEETS

ASSETS

	January 31, 1992 (Unaudited)	July 31, 1991 (Unaudited)
Current Assets:		
Cash and equivalents	$ 62,926	$ 188,403
Accrued interest receivable	10,309	5,277
Loans receivable	125,000	-
Total Current Assets	198,235	193,680
Furniture and equipment, net of accumulated depreciation	2,800	3,200
TOTAL ASSETS	$ 201,035	$ 196,880

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992 (Unaudited)	July 31, 1991 (Unaudited)
Liabilities:		
Accounts payable	$ -	$ 969
Total Current Liabilities	-	969
Stockholders' Equity:		
Common stock, $.0001 par value, 300,000,000 shares authorized 35,000,000 shares issued and outstanding	3,500	3,500
Additional paid-in capital	360,160	360,160
Deficit accumulated during development stage	(162,625)	(167,749)
TOTAL STOCKHOLDERS' EQUITY	201,035	195,911
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 201,035	$ 196,880

The accompanying notes are an integral part of the financial statements.

UPTICK VENTURES, INC.
(A Development-Stage Enterprise)

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended January 31, 1992 (Unaudited)	Six Months Ended January 31, 1992 (Unaudited)	From August 8, 1987 (Date of Inception) through January 31, 1992 (Unaudited)
Revenue:			
Interest Income	$ 12,478	$ 21,105	$ 79,508
Operating Expenses:			
Depreciation	200	400	1,200
Legal and accounting	400	2,510	48,764
Consulting fees	2,579	10,079	91,379
Bad debt	-	-	76,700
Other expenses	1,657	2,992	24,090
	4,836	15,981	242,133
Deficit Accumulated During Development Stage	$ 7,642	$ 5,124	$ (162,625)
Per Share	$ nil	$ nil	$ nil

The accompanying notes are an integral part of the financial statements.

UPTICK VENTURES, INC.
(A Development Stage Enterprise)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
From August 8, 1987 (Date of Inception) through January 31, 1992 (Unaudited)

				Common Stock	Additional Paid-in Capital	Deficit Accumulated During Development Stage	Total
Balance at August 8, 1987				$ -	$ -	$ -	$ -
Common stock issued:							
Date Issued	Description of Consideration	Number of Shares	Price per Share				
August, 1987	Cash	3,000,000	$.0013	300	3,700	-	4,000
August, 1987	Cash	2,000,000	$.0015	200	2,800	-	3,000
August, 1987	Cash	7,500,000	$.0020	750	14,250	-	15,000
Deficit Accumulated during Devlopment State for the period from August 8, 1987 through July 31, 1988						(22)	(22)
Balance at July 31, 1988		12,500,000		1,250	20,750	(22)	21,978
Common stock issued:							
Date Issued	Description of Consideration	Number of Shares	Price Per Share				
October, 1988	Cash (net of offering costs of $83,440, plus $100 for underwriter's warrants)	20,000,000	$.0159	2,000	314,660	-	316,660
January, 1989		2,500,000	$.01	250	24,750	-	25,000
Deficit Accumulated During Development Stage for the year ended July 31, 1989				-	-	(110,442)	(110,442)
Balance at July 31, 1989		35,000,000		3,500	360,160	(110,464)	253,196
Deficit Accumulated During Development Stage for the year ended July 31, 1990				-	-	(32,820)	(32,820)
Balance at July 31, 1990		35,000,000		3,500	360,160	(143,284)	220,376

UPTICK VENTURES, INC.
(A Development Stage Enterprise)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY, CONTINUED
From August 8, 1987 (Date of Inception) through January 31, 1992 (Unaudited)

		Common Stock	Accumulated Additional Paid-in Capital	During Development Deficit	Total
Deficit Accumulated During Development Stage for the year ended July 31, 1991		-	-	(24,465)	(24,465)
Balance at July 31, 1991	35,000,000	3,500	360,160	$ (167,749)	$ 196,880
Deficit Accumulated During Development Stage for the three and six month period ended January 31, 1992 (Unaudited)		-	-	5,124	5,124
Balance at January 31, 1992 (Unaudited)	35,000,000	$ 3,500	$ 360,160	$ 162,625	$ 201,035

The accompanying notes are an integral part of the financial statements.

UPTICK VENTURES, INC.
(A Development-Stage Enterprise)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended January 31, 1992 (Unaudited)	Six Months Ended January 31, 1992 (Unaudited)	From August 8, 1987 (Date of Inception) through January 31, 1991 (Unaudited)
Cash Flows Operating Activities:			
Excess of revenues over expenses (deficit accumulated) during development stage	$ 7,642	$ 5,124	$ (162,625)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	200	400	1,200
Increase (decrease) in accounts payable	(396)	(969)	-
(Increase) decrease in accrued interest receivable	(8,331)	(5,032)	(10,309)
Net Cash Provided By (used in) Operating Activities	(885)	(477)	(171,734)
Cash Flows From Investing Activities:			
Acquisition of furniture and equipment	-	-	(4,000)
Investment in loans receivable	(25,000)	(125,000)	(125,000)
Net Cash Provided By (used in) Investing Activities	(25,000)	(125,000)	(129,000)
Cash Flows From Financing Activities:			
Issuance of stock	-	-	447,100
Deferred offering costs	-	-	(83,440)
Net Cash Provided By Financing Activities	-	-	(83,440)
	-	-	363,660
Increase (Decrease) in Cash	(25,885)	(125,477)	62,926
Cash, Beginning of Period	88,811	188,403	-
Cash, End of Period	$ 62,926	$ 62,926	$ 62,926

The accompanying notes are an integral part of the financial statements.

UPTICK VENTURES. INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

January 31, 1992

(1) Organization

Uptick Ventures, Inc. (the Company) was incorporated in Colorado on May 16, 1986, but did not have assets, stockholders or transactions until August 8, 1987. The Company is in the development stage with its activities to date consisting of initial organization efforts and evaluations of potential business combinations. The Company has selected July 31 as its fiscal year end.

The Company is evaluating potential investments in, acquisitions of, and/or mergers with, other companies.

(2) Unaudited Statements

The balance sheet as of January 31, 1992, the statements of operations and cash flows for the three and six month period ended January 31, 1992 and from inception to January 31, 1992, and the statement of stockholders' equity for the six month period then ended and from inception to January 31, 1992, have been prepared by the Registrants without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at January 31, 1992 and for all periods presented, have been made.

(3) Loans Receivable

During the six month period ended January 31, 1992, the Company loaned $100,000 to a potential acquisition candidate. In addition, the Company acquired a note receivable in the amount of $25,000.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(1) Liquidity and Capital Resources

In October, 1988, the Company completed an initial public offering of 20,000,000 Units, each consisting of one share of Common Stock, one Class A Warrant and one Class B Warrant, at an offering price of $.02 per Unit. After payment of commissions and expenses of the offering, the Company received net proceeds of approximately $316,660. As of January 31, 1992, the Company had total stockholders' equity of $201,035.

(2) Results of Operations

The Company was organized on August 8, 1987 to obtain capital to take advantage of business opportunities which have potential for profit. As of January 31, 1992, the Company had not acquired any business opportunities, and therefore, no operating revenues have been generated for the period from inception through January 31, 1992. For the period from August 8, 1987 (inception) through January 31, 1992, interest income was $79,508 and expenses were $242,133 resulting in a deficit during the development stage of $162,625.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UPTICK VENTURES, INC.

Date 3- 12 92 By ____________________
President (Executive Officer and
Principal Financial Officer)

D 18713
Q 35598

92080833

W
92-2242

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

MAR 20 1992

Form 10-Q

Quarterly Report Under Section 13 or 15 (d) of the Securities Exchange Act of 1934

12-12-8
7/24
MAR 24 1992

For quarter ended January 31, 1992 on File Number ~~33-897-NY~~ 0-15066

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Q-Data Corp. - St. Petersburg, FL

1.3Q

VERTEX INDUSTRIES, INC.
(Exact name of registrant as specified in

New Jersey	22-2050350
(State of Incorporation)	(I.R.S. Employer Identification Number)

23 Carol Street
Clifton, New Jersey 07014
(Address of Principal Executive Offices)

Registrant's Telephone Number: (201) 777-3500

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ______

The number of shares outstanding of the registrant's Common Stock, par value of $.01 per share, as of January 31, 1992 was 2,033,626.

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VERTEX INDUSTRIES, INC. AND SUBSIDIARIES

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VERTEX INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	January 31,1992 (Unaudited)	July 31,1991 (Audited)
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 206,736	$ 27,126
Accounts Receivable, Less Allowance for Doubtful Accounts of $13,048 at January 31, 1992 $14,293 at July 31, 1991	434,996	340,706
Inventories		
Raw Materials	77,313	111,203
Work in Process	252,662	151,119
Finished Goods and Parts	1,006,562	1,048,387
Total Inventories	1,336,537	1,310,709
Miscellaneous Receivables	7,860	7,868
Prepaid Expenses	59,525	25,779
Total Current Assets	2,045,654	1,712,188
PROPERTY, EQUIPMENT, AND CAPITAL LEASES:		
Property and Equipment	1,705,528	1,681,065
Capital Leases	106,013	106,013
Total Property, Equipment and Capital Leases	1,811,541	1,787,078
Less: Accumulated Depreciation and Amortization	1,592,882	1,559,843
Net Property, Equipment and Capital Leases	218,659	227,235
LEASED EQUIPMENT:		
Leased Portfolio	207,714	211,314
Less: Accumulated Amortization	207,702	207,752
Net Leased Equipment	12	3,562
OTHER ASSETS:		
Cost in Excess of Net Assets of Companies Acquired, Net of Amortization (Accumulated Amortization of $112,121 at January 31, 1992 and $106,764 at July 31, 1991)	217,126	224,582
Deferred Costs and other assets	-	1,323
Security Deposits	4,262	4,262
Total Other Assets	221,388	230,167
Total Assets	$2,485,713	$2,173,152

See accompanying notes to financial statements.

VERTEX INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992 (Unaudited)	July 31, 1991 (Audited)
CURRENT LIABILITIES:		
Long-Term debt, current portion	$ 95,831	$ 530,230
Obligations under capital leases, current portion	18,480	16,811
Convertible Subordinated Debentures	-	25,000
Accounts Payable	434,623	388,657
Accrued Expenses	214,821	168,430
Customer Deposits	196,964	7,884
Deferred Income on Service Contracts	1,447	1,526
Notes Payable to related party, current portion	93,333	60,000
Total Current Liabilities	1,042,476	1,177,544
LONG-TERM LIABILITIES:		
Long-Term Debt, Less Current Portion	151,669	201,667
Obligations Under Capital Leases, Less Current Portion	19,705	29,377
Deferred Salaries Payable	-	104,406
Notes Payable to related party, less current portion	66,667	-
Total Long-Term Liabilities	238,041	335,450
EXCESS OF NET ASSETS OF ACQUIRED COMPANIES OVER COST NET OF AMORTIZATION: (Accumulated Amortization of $375,597 at January 31, 1992 and $363,094 at July 31, 1991)	110,533	123,037
STOCKHOLDERS' EQUITY:		
Preferred Stock, par value $.01 per share 2,000,000 shares authorized - none issued and outstanding	-	-
Common Stock, par value $.01 per share 8,000,000 shares authorized issued and outstanding 2,033,626 shares at January 31, 1992 and 1,895,165 at July 31, 1991	20,336	18,952
Capital in Excess of Par Value	2,568,905	2,181,010
Retained Earnings (Deficit)	(1,494,578)	(1,662,841)
Total Stockholders' Equity	1,094,663	537,121
Total Liabilities and Stockholders' Equity	$2,485,713	$2,173,152

See accompanying notes to financial statements.

VERTEX INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Six Months Ended Jan.31.		Three Months Ended Jan.31.	
	1992	1991	1992	1991
NET SALES	$ 2,058,125	$ 1,645,433	$ 1,018,760	$ 828,147
COST OF SALES	1,176,591	1,083,579	587,238	516,439
GROSS PROFIT	881,534	561,854	431,522	311,708
OPERATING EXPENSES:				
Selling and Administrative	591.938	605,279	254,237	308,701
Research and Development	122,606	109,848	46,056	56,784
Total Operating Expenses	714,544	1,112,861	374,507	361,290
OPERATING INCOME OR (LOSS)	166,990	(153,273)	131,229	(53,777)
OTHER INCOME AND (EXPENSES):				
Interest Income	6,320	154	6,162	-
Interest Expense	(33,169)	(51,380)	(10,844)	(23,787)
Miscellaneous Income or (Expense)	27.053	11,500	3,996	6,127
Gain on Disposal of Fixed Assets	1,550	-	1,550	-
Net Other (Expenses)	1,754	(39,726)	864	(17,660)
Income or (Loss) before income taxes and extraordinary items	168,744	(192,999)	132,093	(71,437).
INCOME TAXES:				
Federal	28,098	-	28,098	
State	10,154	-	10,154	-
Total Income Taxes	38,252	-	38,252	-
Income or (Loss) before extraordinary items	130,492	(192,999)	93,841	(71,437)
EXTRAORDINARY ITEMS:				
Federal tax benefit from carry forward of Net Operating Loss	28,098	-	28,098	-
State Tax benefit from carry forward of Net Operating Losses	9,673	-	9,673	-
Total Extraordinary Items	37,771	-	37,771	-
Net Income or (Loss)	$ 168,263	$(192,999)	$ 131,612	$(71,437)
NET INCOME OR (LOSS) PER SHARE:				
Net Income or (Loss) before income taxes and extraordinary items	$ 0.09	$(0.10)	$0.07	$(0.04)
Income Taxes	$(0.02)	-	$(0.02)	-
Extraordinary Items	$0.02	-	$0.02	-
Net Income or (Loss)	$0.09	$(0.10)	$0.07	$(0.04)
Weighted Average Number of Shares	1,912,654	1,895,164	1,924,936	1,895,165
DIVIDENDS PER SHARE	$ -0-	$ -0-	$ -0-	$ -0-

See accompanying notes to financial statements.

VERTEX INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common Stock .01 Par Value		Capital in Excess of Par Value	Retained Earnings (Deficit)	Total
	Shares	Amount			
Year Ended July 31, 1991					
Balances at July 31, 1990	1,895,165	$18,952	$2,181,010	$ (1,395,352)	$804,610
Net (loss) for the year ended July 31, 1991	—	—	—	(267,489)	(267,489)
Balances at July 31, 1991	1,895,165	18,952	2,181,010	(1,662,841)	537,121
Six Months Ended January 31, 1992 (Unaudited)					
Issuance of common stock:					
Debenture bonds converted	38,461	384	24,615	—	24,999
Settlement of bank debt of subsidiary	100,000	1,000	363,280	—	364,280
Net Income for the six months ended January 31, 1992	—	—	—	168,263	168,263
Balances at January 31, 1992	2,033,626	$20,336	$2,568,905	$(1,494,578)	$1,094,663

See accompanying notes to financial statements.

VERTEX INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended			
	January 31, 1992		January 31, 1991	
Cash Flows from Operating Activities:				
Net Income or (Loss)		$ 168,263		$ (192,999)
Adjustment to reconcile Net Income or (Loss) to net cash provided by operating activities:				
Depreciation and amortization	27,941		39,013	
(Gain) on sale of lease units	---		(680)	
Deferred costs	1,323		3,968	
Deferred income on service contracts	(79)		(902)	
Deferred salaries payable	(104,406)	(75,221)	8,910	50,309
(Increase) or decrease in operating assets:				
Accounts receivable	(94,290)		(70,082)	
Inventories	(25,828)		(1,938)	
Miscellaneous recievables	8		1,635	
Prepaid expenses	(33,746)	(153,856)	(34,187)	(104,572)
Increase or (decrease) in operating liabilities:				
Accounts payable	45,966		172,128	
Accrued expenses	54,362		35,480	
Customer deposits	189,080	289,408	230,671	438,279
Net adjustments to reconcile net income or (loss) to net cash provided by operating activities		60,331		384,016
Net cash provided by operating activities		228,594		191,017
Cash Flows from Investing Activities:				
Additions to property and equipment	(20,863)		(22,132)	
Sale of base units	---		680	
Addition to security deposits	---		(2,404)	
Net cash (used for) investing activities		(20,863)		(23,856)
Cash Flows from Financing Activities:				
Payment of long term debt			(3,762)	
Payment of short term debt	(120,118)		(33,259)	
Payment of capitalized lease obligations	(8,003)		(4,437)	
Proceeds from note payable from related party	100,000		---	
Net cash (used for) financing activities		(28,121)		(41,458)
Net Increase in Cash		179,610		125,703
Cash and Cash Equivalents at Beginning of Year		27,126		82,102
Cash and Cash Equivalents at End of Period		$206,736		$207,805

See accompanying notes to financial statements.

VERTEX INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the results of the interim periods. Detailed footnote disclosures and schedules are not, however, required in the quarterly report under the rules and regulations of the Securities and Exchange Commission (SEC). Reference should be made to the financial statements, notes and schedules included in the July 31, 1991 Annual Report (Form 10-K) filed with the SEC for further information.

Note 1 - Guarantee of Indebtedness of Others:

The Company was a guarantor of a bank loan to its subsidiary, Computer Transceiver Systems, Inc., in the amount of $422,467, plus accrued interest, which had been in arrears. On December 23, 1991 pursuant to agreement among the bank, the company, and the subsidiary, the entire loan, including all accrued and unpaid interest, was paid and satisfied through a payment of $100,000 by the Company and the issuance by the Company of 100,000 shares of Vertex common stock. The Company and its subsidiary are discussing the terms under which the Company will be repaid for its outlay of cash and the stock in connection with satisfying the loan, but no decision has yet been made on repayment terms.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Capital Resources and Liquidity:

Working capital increased 87.6% to $1,003,178 on January 31, 1992 from $534,644 on July 31, 1991. The increase was mainly due to the payment and satisfaction of subsidiary debt on which the Company was a guarantor, and the restructure of a $300,000 term loan. In addition, trade receivable were higher, attributable to improved revenues. The Company also received a loan of $100,000 from a related party which is payable over three years with interest at prime plus 1 1/2%.

Net Revenues:

Revenue increased 25.1% to $2,058,125 for the six month period ended January 31, 1992, from $1,645,433 for the same period of the prior year. The increase was mainly due to the substantial improvement in Bar Code Products, offset partially by reduced revenue in Card Device Products. The CTSI subsidiary also reflected improved revenues, up 41.9% to $448,547.

Cost and Expense:

Cost of sales as a percentage of revenue decreased to 57.2% in the six month period ended January 31, 1992, from 65.8% for the same period of the prior year. The favorable cost of sales performances was across the board for all segments of the company, including the CTSI subsidiary.

Selling and Administrative expense declined 2.2% to $591,938 in the current six month period as compared with $605,279 for the same period of the prior year, mainly due to the cancellation of deferred officer's salary expense in the amount of $120,206 as a agreed to by the Company and certain officer's. Excluding this entry, selling and administrative expenses would reflect an increase of 11.5%, due to increase in Bar Code expenditures for advertising, catalogs, shows and exhibitions, and sales incentives.

Research and Development expenses follow a similar pattern, up 11.2% after accounting effect of reversing deferred salaries, but up 30% prior to the entry. The increase was mainly due to expenditures for Bar Code Products at the Massachusetts research facility.

Operating Income (Loss):

The improvement from a loss of $192,999 for the six months ended January 31, 1991 to a current period income of $168,744 is attributable to increased revenues, especially in Bar Code Products, and favorable cost of sales of all products, offset partially by higher advertising, marketing and research costs.

The improvement is also attributable to the cancellation of deferred officer salary expense as previously discussed.

Other Income and (Expenses):

Other expenses were reduced from $39,726 in the prior year six month period to $1,754 in the current six month period due to a reduction in interest rates and a reduction in liability.

Net Income or (Loss):

Consolidated operations for the six month period ended January 31, 1992 resulted in a net income of $168,263 after Federal and State Tax provisions as compared with a loss of $192,999 for the six months ended January 31, 1991. The improved performance mainly was the result of increased Bar Code revenues, favorable cost of sales, and to the cancellation of deferred officer salary.

Result of Operations:

Vertex was selected by Medeco Security Locks, Inc. (a division of Hillenbrand Industries) to provide software for its Electronic Lock System and to participate in the design of an encription module to support the locks which plug into Vertex Hand Held Computers. This project is a result of our work with Bellcore and Bell Atlantic on Route Coin Collection Automation for Pay Telephones. The Electronic Lock System eliminates the need for a unique mechanical key for each coin box. Key combinations are stored in the Vertex Hand Held and can be added over the telephone.

The New York City School System has now dedicated funding to improving school security and is contemplating the purchase of additional Access Control/Attendance Systems for High School.

Equipment is now being installed in New Jersey as the next phase of Route Coin Collection Automation for Bell Atlantic.

Vertex is currently porting its Bridge Software package to the IBM AS400 Computer and anticipates showing the product in June of 1992.

CTSI is now shipping Label Generating Systems to hospitals using Laboratory Information Systems supplied by Antrim, Hospital Corporation of America, Sunquest Systems, and Cerver Labs. Most of these systems are used with the Beckman CX7 Blood Analyzer.

Dated: Clifton, New Jersey
January 31, 1992

VERTEX INDUSTRIES, INC.
Registrant

By James Q. Maloy
James Q. Maloy, President
President, (Chief Executive Officer)

By Ronald C. Byer
Ronald C. Byer
Executive Vice President
Treasurer, (Chief Financial Officer)
and Director